

# Annual Report 2020

Albany (W.A.) Community  
Financial Services Limited

Community Bank  
Albany

ABN 77 119 012 510



NATIONAL  
ANZAC  
CENTRE



# Contents

---

Chair's report	2
Manager's report	3
Dividend payment history	4
Community impact report	5
Report of sponsorships and contributions	6
Bendigo and Adelaide Bank report	8
Directors' report	9
Auditor's independence declaration	13
Financial statements	14
Notes to the financial statements	18
Directors' declaration	38
Independent audit report	39

# Chair's report

---

For year ending 30 June 2020

This past year has been an extraordinary time for us all. The ongoing ramifications of the banking royal commission and impact on regulation within the industry, a rapidly changing banking environment and global pandemic has certainly created significant challenges.

As a Board, we have recognised the importance and need to adapt to change and plan accordingly. Our key priority remains the performance of the company. These unprecedented times for both the bank and our community has highlighted the necessity for the Board to remain prudent in all areas of our financial management; carefully balancing the financial management of the company and the needs of community.

Within this context, banking remained an essential service for our local and wider community. During this period, the Board's focus was on providing a safe environment for our staff and customers whilst ensuring the continuity of local banking services. I would like to sincerely thank the branch staff team, led by our Branch Manager, Natasha Thompson, for their positive adaptation to the branch operations in these times. The team continue to work collaboratively with the Board to build business, enhance partnerships and grow investments through excellence in banking and customer service. It is clear that, as a team, they are very proud to play such a critical role in the Community Bank model.

I would also like to thank my fellow Directors for their exceptional time, commitment and passion as volunteers to improve outcomes for us all. As always, we remain commercially focused but community spirited. There is a breadth of knowledge, experience and skill within the Board that has been critical in driving our adaptation to an extraordinary environment. The Board, as always, is wonderfully supported by our Administration and Community Engagement Officer, Lyn Lutley.

With all that said, the company is not in the position we had aimed for. Our current financial position does not support the payment of a dividend. In these extraordinary times we have remained stable however we have simply not built the business we needed.

Payment of a dividend to our shareholders remains a key priority for us but sound financial management is critical.

Our capacity to deliver will always remain directly related to the amount of business we can build. The drive to support local has never been stronger. Banking is our business, but community is our purpose. We have so much opportunity to grow business in Albany with less than 2% of the market. More surprisingly, less than 10% of our own shareholders bank with us.

We all have a role to play in building business to ensure the growth we are all aiming for and yes, I do ask this year on year. What role will you play in our success? As a shareholder of the Community Bank are you a champion for the Community Bank model? Do you bank with Community Bank Albany? If you are not banking with Community Bank Albany, I would encourage you to contact our Branch Manager to talk about how we may support you and your banking needs.

Thank you to our shareholders and our customers for their ongoing support. The Community Bank model is unique and has the capacity to make an enormous difference to our community and a return on your investment if we all work together.



**Sarah Bowles**  
**Chair**

# Manager's report

---

## For year ending 30 June 2020

The 2020 financial year has shown the Bank's ability to adapt quickly to a changing environment. After six months in the role I saw an opportunity to make some operational changes with the view to challenge the team and improve our service. We took the opportunity to upskill the team to ensure we had the right knowledge and capabilities to grow our customer book. We worked on productivity and efficiency across all aspects of the business to ensure we could deliver on our promise to provide quality service for all new and existing customers. This groundwork saw lending applications increase month on month throughout the year, finishing with a 50% increase on the same period the previous year. This led to us recruiting a specialised lender that could help us manage the increase in lending as well as fill a skills gap in the Small Business lending capability of the team. Gavin Boardley joined the team on a full-time basis in January 2020.

We were seeing consistent improvement when COVID-19 hit. This challenged the industry in ways we have not dealt with before. Further challenges were to hit in the way of two interest rate decreases in March, temporary lending restrictions introduced, property values declining while risk ratings increased, as well as a 35% decrease in branch foot traffic. This all had an impact on profitability. Whilst continuing to grow our business we also focused heavily in helping the community through one of the hardest times many of us have experienced.

As a team we decided to reach out to as many of our customers as possible, our lending customers, deposit customers, business customers, clubs and shareholders that hold active accounts with us. We did our best to make sure everyone knew that we were there for them and still open for business as an essential service and will do what we could to help. As a direct result of COVID-19, a significant number of lending applications were put on hold by customers. We also saw an increase in discharges with customers selling investment properties to prevent financial hardship. The time required to on-board new loan applications has increased due to changes by the regulators, caused by the current uncertain economic environment.

In a time of such uncertainty and fear, I am extremely proud of each and every one of our team, Customer Relationship Managers Margaret Broad and Gavin Boardley and Customer Service Officers Paul Harness, Danielle Krispyn, Alberto (Lupo) Prenzato and Emily Sanderson. They all put their own fears aside and put our customers' needs first. I feel we have really been able to show our point of difference and this has only strengthened our vision for being Albany's bank of choice.

The Community Bank Albany Board have been of great assistance during what has been a tough year. They have shown great support to not only the branch, but community at large. Led by Sarah Bowles, the Board has once again shown strength and resilience to lead a fantastic team of volunteer Directors. Community Bank Albany wouldn't be what it is today without them. This unwavering support has meant that we continued to focus on strong growth throughout this period. I would also like to thank Lyn Lutley whose role seems to be ever changing along with the needs of Community Bank Albany – I know the Board and branch would be lost without her.

In closing I would like to give a massive shout out to our customers, your support this year has seen us grow in a time where other banks are changing strategy. You have referred more business to us than ever before, which shows us that you are our biggest advocates and continue to be our number one fans. For this we thank you.

**Natasha Thompson**  
**Branch Manager**

# Dividend payment history

---

Community Bank Albany (Albany (W.A.) Community Financial Services Limited) is a public company and like any investment in companies listed on the stock exchange (Community Banks use the Low Volume Market as approved by ASIC) the investment carries risks which would have been outlined in the prospectus provided when shares were purchased.

Our Community Bank raised \$854,557.00 in initial capital from local shareholders who were all issued with a legal prospectus and subsequent share certificate.

We have invested via donations and sponsorships into the Albany community since the Bank's inception and will continue to do so. Under our constitution when we make a profit up to 80% of those profits must be spent on community and up to 20% to shareholders in dividends.

The business has paid one dividend since inception which was in 2012.

The company has not been in a position to pay dividends because of its impact on net assets – and its adverse impact on the company's ability to pay creditors. There must be more current assets than current liabilities (both before and after the dividend payment) to pay a dividend .

Community Bank Albany reflects at a local level the successes which have been achieved and continue to be achieved across the network and at a national level since the Community Bank model's inception in 1998. Community Bank Albany reflects the same partnership principles that have been the foundation stone of the Community Bank model across Australia.

These principles are:

- Partnership based on trust, respect and goodwill
- Shared effort, risk and reward (50/50)
- Local ownership
- Local decision making
- Local investment
- Focused on broad based community benefit
- Commercially focused and community spirited.

## **Did you know**

Managed by a volunteer Board of Directors with the commitment of our frontline branch team Community Bank Albany continue to further develop the company to strengthen its relationships, providing a return to its shareholders and investment to a greater degree in the community. We are all in this together and our team are here to support you.

## **Your information to update**

Do we have your most up to date physical address? Do we have your current email address? We are transitioning to an online registry which will enable you to access and obtain your shareholdings direct and make changes. Contact the Board Administrator on 0490 925 241 or email [ace@albanycfs.com](mailto:ace@albanycfs.com) to obtain a form to update your current information.

# Community impact report

## Get in the Game Raffle

The 2019/20 Get in the Game Raffle was an enormous success, raising a total of \$71,835 for 20 Sport and Recreation clubs within Albany. This was an outstanding result with an injection of much needed funds into sport and recreation over a four-month period.

14,367 tickets sold and were placed in the draw. Thanks to Kathryn Slattery for drawing the following winning tickets:

**First Prize:** \$15,000 Cash – Ticket Number 21496

Arthur Gorman

**Club who sold ticket:** Emu Point Sporting Club

**Second Prize:** \$1,000 Cash –

Ticket Number 15896 Mat Thompson

**Club who sold ticket:** Albany City Kart Club

**Third Prize:** \$1,000 Cash –

Ticket Number 09387 Denise Lucas

**Club who sold ticket:** Royals Cricket Club

**Fourth Prize:** \$1,000 Cash –

Ticket Number 16801 Eden Gray

**Club who sold ticket:** Albany Surf Life Saving Club

**Fifth Prize:** \$1,000 Cash –

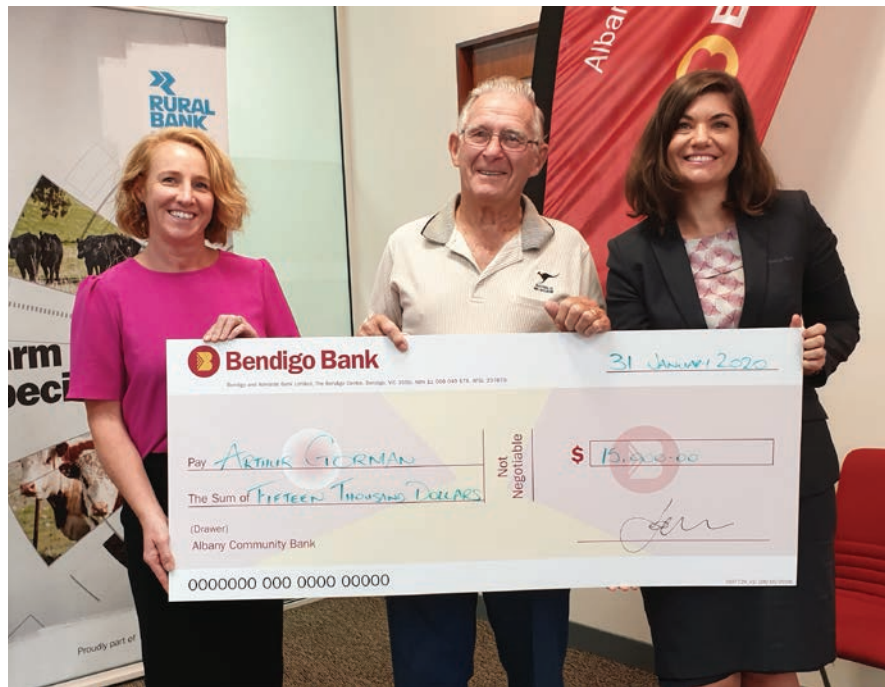
Ticket Number 20050 Peter Muller

**Club who sold ticket:** Emu Point Sporting Club

**Sixth Prize:** \$1,000 Cash –

Ticket Number 19296 Linda Urry

**Club who sold ticket:** Albany Surf Life Saving Club



## ClubWorks launched

Through the '10,000 Reasons to Bank Bendigo' community grant programme Community Bank Albany provided funding to KBC for an online training tool available to local sport and recreation groups. ClubWorks has been launched online with access to a series of short training videos, specifically designed for the sport club committee volunteer.

ClubWorks is based on the feedback and requests from nearly 5,000 volunteers and 250 face-to-face training workshops delivered over the past four years. The first series of courses cover the fundamentals of club governance including committee roles and responsibilities, making meetings work and managing the money. Each video series is specifically designed to be watched at home, in your own space or as a committee collective, with each series broken down into eight three-minute videos.



# Report of sponsorships and contributions

## Community contributions

Financial year	Community contribution
2019/20	\$61,472
2018/19	\$48,149
2017/18	\$45,830
2016/17	\$25,845
2015/16	\$23,616
2006 - 2014	\$182,329



## Snapshot 2019/20 community funding

Postponed community events	Sponsorship held over
Albany Classic	\$2,000
Denmark Festival of Voice	\$7,000
Green Skills Festival	\$5,000

Community organisation	Community contribution
Gate 2 Plate	\$3,535
Zero2hero 2 places Camp Hero	\$1,320
Safetalk Workshops	\$3,915
Get in the Game Raffle	\$20,000
Albany Classic	\$2,000
AGAL	\$6,000

### COVID-19 update

As a result of COVID-19, all committed community funds were placed on hold due to events either being cancelled or postponed. We are in communication with the recipients of these community grants and some have been held over for events in 2021 and the funds have been committed to this financial year.

# Community Investment

Balance Sheet 2019/20



## Albany (WA) Community Financial Services Limited



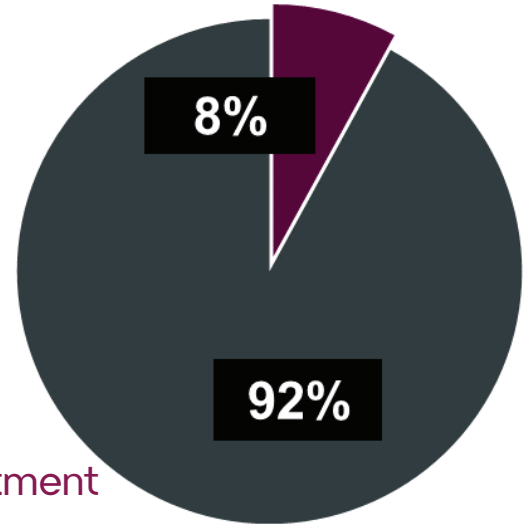
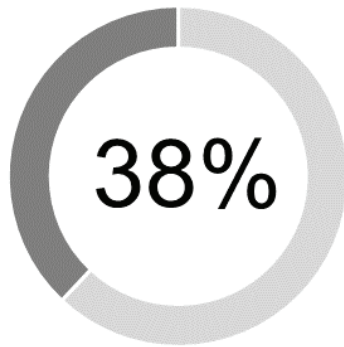
Projects Funded **10**



Community Project Investment **\$62,750.00**

### Biggest Impact Area:

Sport & Recreation

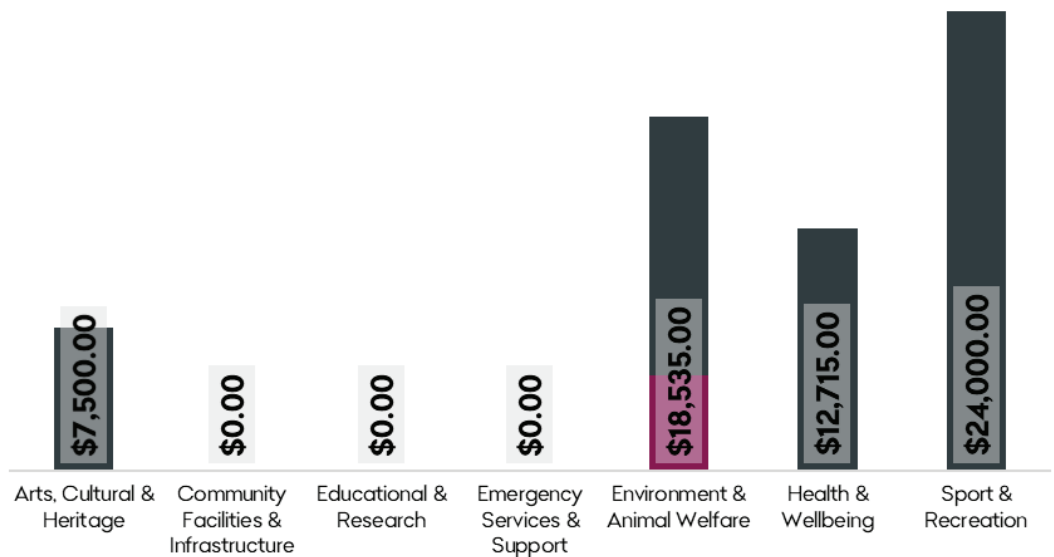


### Total Investment by Theme:

Grants \$5,000.00  
Sponsorships \$57,750.00

- Donations
- Grant
- Sponsorships

### Total Investment by Sector:



Bendigo and Adelaide Bank Limited, ABN 11 068 049 178 Australian Credit Licence 237879. (1510535-1510853) (09/20)



# Bendigo and Adelaide Bank report

---

## For year ending 30 June 2020

In the 20-plus years since the opening of the very first Community Bank branch, it's fair to say we haven't seen a year quite like 2020.

After many years of drought, the 2019 calendar year ended with bushfires burning across several states. A number of our Community Bank companies were faced with an unprecedented natural disaster that impacted lives, homes, businesses and schools in local communities.

As fires took hold, Bendigo and Adelaide Bank's head office phones started to ring, emails came in from all over the world and our customers, and non-customers, headed into our branches to donate to an appeal that we were still in the process of setting up.

Our reputation as Australia's most trusted bank and the goodwill established by 321 Community Bank branches across the country meant that people instinctively knew that Bendigo, and our Community Bank partners, would be there to help. An appeal was established and donations were received in branch and online from 135,000 donors from all around the world. More than \$45 million was donated.

Just as the fires had been extinguished and the Bank's foundation was working with government, not-for-profit organisations and impacted communities to distribute donations, the global COVID-19 pandemic arrived.

The impact of this pandemic was, and continues to be, more than about health. The impacts are far-reaching and banking is not immune. Your support as a shareholder, and a customer, of your local Community Bank company has never been so important.

You should be proud of your investment in your local Community Bank company. As the Australian workforce had to adjust its way of working, your Community Bank branch staff were classified as essential workers and turned up for work every day throughout the pandemic to serve your local customers.

Your Community Bank company, led by your local Directors, were committed to supporting local economies. Often it was the little things like purchasing coffees and meals from local cafes, not only for their branch staff but for other essential workers (teachers, nurses, hospital support staff, ambulance and police officers and aged care workers). This not only supported essential workers also supported many local businesses when they needed it the most.

What we've discovered in 2020 is that in times of crisis, Australia's Community Bank network has unofficially become Australia's 'second responder'. Local organisations and clubs look to their local Community Bank companies not only for financial assistance, but to take the lead in connecting groups and leading the community through a crisis.

So, what does this all mean? For Bendigo and Adelaide Bank, it reinforces the fact that you are a shareholder of a unique and caring company – run by locals to benefit not only your community but those in need.

As Australia's 5th largest bank with more than 1.9 million customers we are proud to partner with your community.

If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in.

On behalf of Bendigo and Adelaide Bank, we thank all of our Community Bank company Directors and shareholders and your branch staff and customers for your continued support throughout the year.



**Mark Cunneen**  
**Head of Community Support**  
**Bendigo and Adelaide Bank**

# Directors' report

---

For the financial year ended 30 June 2020

The Directors present their report of the company for the financial year ended 30 June 2020.

## Directors

The following persons were Directors of Albany (WA) Community Financial Services Limited during or since the end of the financial year up to the date of this report:



### Sarah Bowles

---

Chairperson

**Occupation:** Self-employed

**Qualifications, experience and expertise:** Certificate 4 in Project Management, Bachelor of Nursing, Midwifery, Foundation Four Pty Ltd Director (2017-current), Local Government Representative (2011-2015), Little Grove Primary School P&C Executive, Founder and Secretary of Great Southern Factor Inc (2008- 2016), Chair of the Great Southern Food Network (2015-2016), Sponsorship Officer and currently President of the Albany Surf Life Saving Club.

**Special responsibilities:** Chairperson, Regional representative for Joint Regional Community Banks, Joint Regional Community Banks Sponsorship Sub-committee, Sponsorship and Community Engagement. Sarah has now served on the Albany (W.A.) Community Financial Services Limited Board since February 2016 and took up the role as Chair in November 2016.

**Interest in shares:** 2,500



### Johanna Tomlinson

---

Company Secretary

**Occupation:** Consultant and Farmer

**Qualifications, experience and expertise:** Johanna Tomlinson is a project management consultant and farmer based with over 20 years of experience in agriculture, natural resource management and business management and administration. Johanna is a dedicated community member and has fulfilled a range of community positions. Currently she is the Company Secretary of Community Bank Albany, is a committee member of the Oyster Harbour Catchment Group Inc., is a founding member of the farmer driven Southern Beef network and Secretary of WA branch of Nuffield Australia.

**Special responsibilities:** Company Secretary, Strategic Planning and Agricultural portfolios. Johanna has now served on the Albany (W.A.) Community Financial Services Limited Board since January 2017 and took up the role as Company Secretary in November 2018.

**Interest in shares:** 2,000

## Directors' report (continued)

---

### Directors (continued)



#### Danielle Branson

---

Company Treasurer

**Occupation:** Self-employed

**Qualifications, experience and expertise:** Danielle has an Advanced Diploma of Accounting from South Regional TAFE with over 13 years experience within the finance industry. She is passionate about small business and giving back to her community. Currently she volunteers as an ambulance officer for St John Ambulance. Her previous experience includes: Treasurer for Rainbow Coast Neighbourhood Centre, Treasurer for Proudies Foundation Inc and Member for St John Ambulance Volunteer Leadership Group.

**Special responsibilities:** Company Treasurer. Danielle has now served on the Albany (W.A.) Community Financial Services Limited Board since April 2018 and took up the role as Company Treasurer in April 2018.

**Interest in shares:** Nil

No headshot  
available

#### Leon Delpech

---

Director

**Occupation:** Managing Director

**Qualifications, experience and expertise:** Delpech – Managing Director, Past: CEO of Useful Inc Community, I Start-up Board advisor, IBM Australian Strategy Consultant, Community Groups: Wilson Inlet Catchment Committee, Wine Show of Western Australia Bachelors of Commence (Economics and Finance) and Communications (Film and Television).

**Special responsibilities:** Increasing Brand Awareness. Leon has now served on the Albany (W.A.) Community Financial Services Limited Board since October 2016.

**Interest in shares:** Nil



#### Graham Foster

---

Director

**Occupation:** Retired

**Qualifications, experience and expertise:** Graham has worked in Local Government for 35 years with six years as the CEO of Nedlands and Acting CEO for the City of Albany.

**Special responsibilities:** Identifying and increasing customers. Graham has now served on the Albany (W.A.) Community Financial Services Limited Board since 2018.

**Interest in shares:** 500



#### Simon Lyas

---

Director

**Occupation:** Director at Regional Development Australia Great Southern WA Inc

**Qualifications, experience and expertise:** Simon moved to Denmark in 2009. He is responsible for day-to-day operations, contributes to Strategic Planning and is actively driving economic development initiatives with a range of stakeholders in the region. Simon's previous experience includes project management with various government agencies and business management experience in several tourism-based operations in Australia and overseas. Simon is a strong community advocate and volunteer on a number of community organisations in Albany.

**Special responsibilities:** Development of Board and staff support. Simon has now served on the Albany (W.A.) Community Financial Services Limited Board since 2018..

**Interest in shares:** Nil

# Directors' report (continued)

## Directors (continued)



### Lyn Lutley

Board Administrator and Community Engagement Officer

**Qualifications, experience and expertise:** Lyn has been a resident of Albany since January 2004 and previously being part of the communities of Hopetoun/Ravensthorpe, growing up in Kukerin and Wagin and a self-confessed Great Southern product. Previous experience in administration positions includes health, law, insurance and community organisations. Previous Company Secretary to Albany Community Hospice 2012-2016.

**Special responsibilities:** Administrator to Community Bank Albany Board of Directors and engaging with the local community to ascertain the funding needs of organisations, build business and partnerships on behalf of the Board of Directors.

Directors were in office for the entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

## Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	A	B
Sarah Bowles	10	10
Johanna Tomlinson	10	9
Danielle Branson	10	9
Leon Delpech	10	3
Graham Foster	10	5
Simon Lyas	10	9

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Director Graham Foster took a leave of absence from June 2019 to February 2020 – a total of seven months.

Director Leon Delpech took a leave of absence from December 2019 to May 2020 – a total of six months.

## Company Secretary

Johanna Tomlinson has been the Company Secretary Albany (W.A.) Community Financial Services Limited since 28 November 2018.

## Principal activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

## Review of operations

The profit of the company for the financial year after provision for income tax was \$41,988 (2019: \$61,992), which is a 32% decrease as compared with the previous year. The net assets of the company have increased to \$309,407.

# Directors' report (continued)

---

## **Dividends**

A fully franked dividend of 0 cents per share (0 Cents 2019) was declared and paid in respect of the year ended 30 June 2020.

## **Options**

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

## **Significant changes in the state of affairs**

No significant changes in the company's state of affairs occurred during the financial year.

## **Events subsequent to the end of the reporting period**

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

## **Likely developments**

The company will continue its policy of providing banking services to the community.

## **Environmental regulations**

The company is not subject to any significant environmental regulation.

## **Indemnifying Officers or Auditor**

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

## **Proceedings on behalf of company**

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

## **Auditor independence declaration**

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 13 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at (Location) on ## (Month) 20##.



**Sarah Bowles**  
**Chair**

# Auditor's independence declaration

---

19th August 2020

The Board of Directors  
Albany (WA) Community Financial Services Ltd  
PO Box 979  
ALBANY WA 6331

By Email Only: [ace@albanycfs.com](mailto:ace@albanycfs.com)

Dear Directors

**AUDITOR'S INDEPENDENCE DECLARATION  
AS REQUIRED BY SECTION 307C OF THE CORPORATIONS ACT 2001**

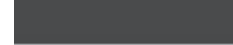
As lead Auditor for the audit of Albany (WA) Community Financial Services Ltd for the year ended 30 June 2020, I declare to the best of my knowledge and belief, that there have been:

- a) no contraventions of the Auditor independence requirements of the Corporations Act 2001, in the relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This Declaration is made in respect of Albany (WA) Community Financial Services Ltd during the period of the audit.



Paul Gilbert, FCPA MBA Director  
Macleod Corporation Pty Ltd



**MACLEOD  
CORPORATION PTY LTD.**

A.B.N. 25 082 636 968

Unit 8, 76 Proudlove Parade  
ALBANY WA 6330

PO Box 5779  
ALBANY WA 6332

ph 08 9841 2118

m. 0412 375 667

e. [paul@macleodcpa.com.au](mailto:paul@macleodcpa.com.au)

[www.macleodcpa.com.au](http://www.macleodcpa.com.au)



LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION  
Macleod Corporation Pty Ltd is a CPA practice

CERTIFIED PRACTISING ACCOUNTANTS





# Financial statements

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Note	Year Ended 30 June 2020 \$	Year Ended 30 June 2019 \$
<b>Revenue</b>			
Revenue from operation		824,807	895,335
Covid – 19 stimulus income		41,076	-
	<b>2</b>	<b>865,883</b>	<b>895,335</b>
<b>Expenses</b>			
Employee benefits expense	<b>3</b>	(536,432)	(500,709)
Administration and general costs		(129,205)	(115,882)
Bad and doubtful debts expense	<b>3</b>	(151)	(3,304)
Occupancy expenses		(16,129)	(74,467)
System Costs		(22,353)	(20,978)
Depreciation and amortisation expense	<b>3</b>	(60,658)	(16,115)
Finance costs	<b>3</b>	(16,576)	(1,408)
Other expenses		(20,704)	(28,816)
		<b>(802,208)</b>	<b>(761,680)</b>
<b>Profit / (loss) before charitable donations &amp; sponsorships</b>		<b>63,675</b>	<b>133,655</b>
Charitable donations and sponsorship		(58,195)	(48,149)
<b>Profit / (loss) before income tax</b>		<b>5,480</b>	<b>85,506</b>
Income tax expense / (benefit)	<b>4</b>	(36,508)	(23,514)
<b>Profit / (loss) for the period</b>		<b>41,988</b>	<b>61,992</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>41,988</b>	<b>61,992</b>
Profit / (loss) attributable to members of the company		41,988	61,992
<b>Total comprehensive income attributable to members of the company</b>		<b>41,988</b>	<b>61,992</b>
<b>Earnings per share (cents per share)</b>			
- basic earnings per share	<b>17</b>	4.75	7.25

## Financial statements (continued)

### Statement of Financial Position for the year ended 30 June 2020

	<u>Note</u>	Year Ended 30 June 2020 \$	Year Ended 30 June 2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	45,844	25,067
Trade and other receivables	6	67,667	67,918
Other assets	7	8,642	4,840
<b>Total current assets</b>		<b>122,153</b>	<b>97,825</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	32,376	40,491
Intangible assets	9	13,556	27,112
Right of use asset	10	251,721	-
Deferred tax assets	4	251,522	221,461
<b>Total non-current assets</b>		<b>549,175</b>	<b>289,064</b>
<b>Total assets</b>		<b>671,328</b>	<b>386,890</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	23,971	38,221
Borrowings	12	23,330	30,393
Provisions	13	27,502	19,779
Lease Liability		63,900	-
<b>Total current liabilities</b>		<b>138,703</b>	<b>88,392</b>
<b>Non-current liabilities</b>			
Provisions	13	3,006	1,472
Lease Liability		220,211	-
<b>Total non-current liabilities</b>		<b>223,227</b>	<b>1,472</b>
<b>Total liabilities</b>		<b>358,915</b>	<b>89,864</b>
<b>Net assets</b>		<b>309,407</b>	<b>297,026</b>
<b>Equity</b>			
Issued capital	14	854,557	854,557
Retained earnings / Accumulated losses	15	(545,150)	(557,531)
<b>Total equity</b>		<b>309,407</b>	<b>297,026</b>

## Financial statements (continued)

### Statement of Changes in Equity for the year ended 30 June 2020

	Note	Issued Capital \$	Retained earnings / Accumulated losses \$	Reserves \$	Total Equity \$
<b>Balance at 1 July 2018</b>		<b>854,557</b>	<b>(619,523)</b>	-	<b>235,034</b>
Total comprehensive income for the period		-	61,992	-	61,992
<b><i>Transactions with owners in their capacity as owners:</i></b>					
Dividends recognised for the period	5	-	-	-	-
<b>Balance at 30 June 2019</b>		<b>854,557</b>	<b>(557,531)</b>	-	<b>297,026</b>
<b>Balance at 1 July 2019</b>		<b>854,557</b>	<b>(557,531)</b>	-	<b>297,026</b>
Total comprehensive income for the period		-	41,988	-	41,988
Cumulative adjustments upon adoption of new accounting standard AASB 16 – Leases		-	(29,607)	-	(29,607)
<b><i>Transactions with owners in their capacity as owners:</i></b>					
Dividends recognised for the period	5	-	-	-	-
<b>Balance at 30 June 2020</b>		<b>854,557</b>	<b>(545,150)</b>	-	<b>309,407</b>

## Financial statements (continued)

### Statement of Cash flow for the year ended 30 June 2020

		Year Ended 30 June 2020 \$	Year Ended 30 June 2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		866,134	920,807
Payments to suppliers and employees		(821,739)	(814,322)
Interest paid		(74)	(3,042)
Income tax paid		-	-
		<hr/>	<hr/>
<b>Net cash flows from / (used in) operating activities</b>	<b>18b</b>	<b>44,322</b>	<b>103,444</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(1,625)	(34,270)
Purchase of intangible assets		(13,556)	(13,556)
		<hr/>	<hr/>
<b>Net cash flows from / (used in) investing activities</b>		<b>(15,181)</b>	<b>(47,826)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	42,278
Repayment of borrowings		(8,364)	(11,885)
		<hr/>	<hr/>
<b>Net cash flows from / (used in) financing activities</b>		<b>(8,364)</b>	<b>30,393</b>
		<hr/>	<hr/>
<b>Net increase / (decrease) in cash held</b>		<b>20,777</b>	<b>86,011</b>
Cash and cash equivalents at beginning of period		25,067	(60,944)
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>18a</b>	<b>45,844</b>	<b>25,067</b>
		<hr/> <hr/>	<hr/> <hr/>
*Cash and Cash equivalents is made up of:			
Cash at Bank		1,473	1,189
Cheque Account/(Bank Overdraft)		44,371	23,877
		<hr/>	<hr/>
		<b>45,844</b>	<b>25,067</b>
		<hr/> <hr/>	<hr/> <hr/>

# Notes to the financial statements

---

For year ended 30 June 2020

These financial statements and notes represent those of Albany (WA) Community Financial Services Limited.

Albany (WA) Community Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 6 October 2020.

## 1. Summary of significant accounting policies

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### *Economic dependency*

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at 3/78-82 Lockyer Avenue, Albany.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the Community Bank branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

# Notes to the financial statements (continued)

---

## 1. Summary of significant accounting policies (continued)

### (a) Basis of preparation (continued)

#### *Economic dependency (continued)*

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank® branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

### (b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

### (c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### (d) Leases (the company as lessee)

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options;
- and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.



# Notes to the financial statements (continued)

---

## 1. Summary of significant accounting policies (continued)

### (d) Leases (the company as lessee) (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Company does not act as a lessor in relation to lease contracts.

### (e) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (f) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

#### *Estimation of useful lives of assets*

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

#### *Fair value assessment of non-current physical assets*

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

#### *Employee benefits provision*

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

#### *Income tax*

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

#### *Impairment*

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

# Notes to the financial statements (continued)

## 1. Summary of significant accounting policies (continued)

### (g) New accounting standards adopted by the company

#### *Initial application of AASB 16*

The Company has adopted AASB 16 Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short term and low value leases) recognised as operating leases under AASB 117 Leases where the Company is the lessee

The lease liabilities are measured at the present value of the remaining lease payments. The Company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets for manufacturing equipment were measured at their carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the Company's incremental borrowing rate per lease term as at 1 July 2019.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Company in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117: Leases and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application.
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

## 2. Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

#### *Rendering of services*

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

All revenue is stated net of the amount of goods and services tax (GST).

	2020	2019
	\$	\$
Revenue		
- service commissions	824,807	895,335
	<u>824,807</u>	<u>895,335</u>
Other revenue		
- interest received	-	-
- other revenue	41,076	-
	<u>41,076</u>	<u>-</u>
<b>Total revenue</b>	<b><u>865,883</u></b>	<b><u>895,335</u></b>

## Notes to the financial statements (continued)

### 3. Expenses

#### Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

#### Depreciation

The depreciable amount of all fixed assets is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Leasehold improvements	20%	SL
Plant and equipment	20 - 100%	SL

#### Gains/losses upon disposal of non-current assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Profit before income tax includes the following specific expenses:</b>		
Employee benefits expense		
- wages and salaries	460,401	419,108
- superannuation costs	43,607	37,243
- other costs	32,424	44,358
	<u>536,432</u>	<u>500,709</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- plant and equipment	3,950	2,559
- leasehold improvements	-	-
- right to use assets	43,152	-
	<u>47,102</u>	<u>2,559</u>
Amortisation		
- franchise fees	13,556	13,556
	<u>60,658</u>	<u>16,115</u>
Finance costs		
- Interest paid	74	1,408
- Lease Liability Interest Expense	16,502	-
	<u>16,576</u>	<u>1,408</u>
Bad and doubtful debts expenses	151	3,304

## Notes to the financial statements (continued)

### 3. Expenses (continued)

(Gain) / Loss on disposal of property, plant and equipment-

Auditors' remuneration

*Remuneration of the Auditor for:*

- Audit or review of the financial report	4,950	4,800
- Taxation services	-	-
- Share registry services	-	-
	4,950	4,800

### 4. Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

	2020 \$	2019 \$
<b>a. The components of tax expense / (income) comprise:</b>		
Current tax expense / (income)	-	-
Deferred tax expense / (income) relating	(36,508)	1,361
Recoupment of prior year tax losses	-	22,153
Under / (over) provision of prior years	-	-
	<b>(36,508)</b>	<b>23,514</b>
<b>b. Prima facie tax payable</b>		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 27.5% (2019: 27.5%)	36,508	23,514
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses	-	(22,153)
- Under / (over) provision of prior years	(47,803)	(1,361)
- Non-deductible expenses & Non-assessable Income	11,295	-
<b>Income tax attributable to the entity</b>	<b>-</b>	<b>-</b>
The applicable weighted average effective tax rate is	27.5%	27.5%

## Notes to the financial statements (continued)

### 4. Income tax (continued)

	2020 \$	2019 \$
<b>d. Deferred tax asset / (liability)</b>		
Deferred tax relates to the following:		
<b>Deferred tax assets balance comprises:</b>		
Accruals	2,334	725
Employee provisions	8,390	5,845
Unused tax losses	242,801	217,533
	<u>253,525</u>	<u>224,103</u>
<b>Deferred tax liabilities balance comprises:</b>		
Plant & equipment	(2,003)	(2,642)
	<u>(2,003)</u>	<u>(2,642)</u>
<b>Net deferred tax asset / (liability)</b>	<b><u>251,522</u></b>	<b><u>221,461</u></b>
Total carried forward tax losses not recognised as deferred tax assets	-	-
<b>e. Deferred income tax (revenue)/expense included in income tax expense comprises:</b>		
Decrease / (increase) in deferred tax assets	(36,508)	23,514
(Decrease) / increase in deferred tax liabilities	-	-
Under / (over) provision prior years	-	-
	<b><u>(36,508)</u></b>	<b><u>23,514</u></b>

### 5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

	2020 \$	2019 \$
Cash at bank and on hand	45,844	25,067
Short-term bank deposits	-	-
	<b><u>45,844</u></b>	<b><u>25,067</u></b>

### 6. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

## Notes to the financial statements (continued)

### 6. Trade and other receivables (continued)

	2020 \$	2019 \$
<b>Current</b>		
Trade receivables	67,667	67,918
Other receivables	-	-
	<u>67,667</u>	<u>67,918</u>

### Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount \$	Not past due \$	Past due but not impaired			Past due and impaired \$
			< 30 days \$	31- 60 days \$	> 60 days \$	
<b>2020</b>						
Trade receivables	67,667	67,667	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<u>67,667</u>	<u>67,667</u>	-	-	-	-
<b>2019</b>						
Trade receivables	67,918	67,918	-	-	-	-
Other receivables	-	-	-	-	-	-
<b>Total</b>	<u>67,918</u>	<u>67,918</u>	-	-	-	-

### 7. Other assets

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

	2020 \$	2019 \$
Prepayments	8,642	4,840
Other	-	-
	<u>8,642</u>	<u>4,840</u>



## Notes to the financial statements (continued)

### 8. Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

	2020 \$	2019 \$
<i>Leasehold improvements</i>		
At cost	249,678	249,678
Less accumulated depreciation	<u>(249,678)</u>	<u>(249,678)</u>
	-	-
<i>Plant and equipment</i>		
At cost	61,687	60,062
Less accumulated depreciation	<u>(29,311)</u>	<u>(19,571)</u>
	32,376	40,491
<b>Total plant and equipment</b>	<b><u>32,376</u></b>	<b><u>40,491</u></b>

#### Movements in carrying amounts

<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	40,491	8,770
Additions	1,625	-
Disposals	-	40,979
Depreciation expense	<u>(9,740)</u>	<u>(9,258)</u>
Balance at the end of the reporting period	32,376	40,491

## Notes to the financial statements (continued)

### 8. Plant and equipment (continued)

#### **Total plant and equipment**

Balance at the beginning of the reporting period	40,491	8,770
Additions	1,625	40,979
Disposals	-	-
Depreciation expense	(9,740)	(9,258)
<b>Balance at the end of the reporting period</b>	<b>32,376</b>	<b>40,491</b>

### 9. Intangible assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

	2020	2019
	\$	\$
<i>Franchise fee</i>		
At cost	67,781	67,781
Less accumulated amortisation	(54,225)	(40,669)
	<u>13,556</u>	<u>27,112</u>
<b>Total intangible assets</b>	<b><u>13,556</u></b>	<b><u>27,112</u></b>

#### **Movements in carrying amounts**

<i>Franchise fee</i>		
Balance at the beginning of the reporting period	27,112	40,669
Additions	-	-
Disposals	-	-
Amortisation expense	(13,556)	(13,556)
Balance at the end of the reporting period	<u>13,556</u>	<u>27,112</u>
<b>Total intangible assets</b>		
Balance at the beginning of the reporting period	27,112	40,669
Additions	-	-
Disposals	-	-
Amortisation expense	(13,556)	(13,556)
<b>Balance at the end of the reporting period</b>	<b><u>13,556</u></b>	<b><u>27,112</u></b>

### 10. Right-of-use assets

The Company's lease portfolio includes buildings, plant and equipment. These leases have an average of 5 years as their lease term.

i) AASB 16 related amounts recognised in the balance sheet

	2020
	\$
<b>Right-of-use assets</b>	431,521
<b>Right-of-use asset accumulated depreciation</b>	<u>(179,800)</u>
	<u>251,721</u>

## Notes to the financial statements (continued)

### 10. Right-of-use assets (continued)

	2020
	\$
<b>Movements in carrying amounts</b>	
Right-of-use assets	-
Accumulated Depreciation	-
Recognised on Initial application of AASB 16 (previously classified as operating leases under AASB 117)	294,872
Depreciation Expense	(43,151)
Net carrying amount	<u>251,721</u>

ii) AASB 16 related amounts recognised in the statement of profit or loss

	2020
	\$
Depreciation charge related to right-of-use assets	43,151
Interest expense on lease liabilities	16,502
Total cash outflows for leases	59,653

### 11. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

	2020	2019
	\$	\$
<b>Current</b>		
<i>Unsecured liabilities:</i>		
Trade creditors	876	22,891
Other creditors and accruals	23,095	13,726
Unclaimed Dividends	-	1,604
	<u>23,971</u>	<u>38,221</u>

The average credit period on trade and other payables is one month.

### 12. Borrowings

#### Current

##### *Unsecured liabilities*

Bank overdraft		
Chattel Mortgage	23,330	30,393
<b>Total borrowings</b>	<u>23,330</u>	<u>30,393</u>

#### (a) Bank overdraft and bank loans

The company has an overdraft facility of \$100,000 which is subject to normal commercial terms and conditions.

## Notes to the financial statements (continued)

### 13. Provisions

#### *Short-term employee benefits*

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

#### *Other long-term employee benefits*

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

	2020 \$	2019 \$
<b>Current</b>		
Employee benefits	<u>27,502</u>	<u>19,779</u>
<b>Non-current</b>		
Employee benefits	<u>3,006</u>	<u>1,472</u>
<b>Total provisions</b>	<u><b>30,508</b></u>	<u><b>21,251</b></u>

### 14. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

	2020 \$	2019 \$
884,016 Ordinary shares fully paid	884,016	884,016
Less: Equity raising costs	<u>(29,459)</u>	<u>(29,459)</u>
	<u><b>854,557</b></u>	<u><b>854,557</b></u>
<b>Movements in share capital</b>		
Fully paid ordinary shares:		
At the beginning of the reporting period	854,557	854,557
Shares issued during the year	-	-
At the end of the reporting period	<u><b>854,557</b></u>	<u><b>854,557</b></u>

## Notes to the financial statements (continued)

### 14. Share capital (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

#### Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the Distribution Limit.

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid can be seen in the Statement of Profit or Loss and Comprehensive Income.

There were no changes in the company's approach to capital management during the year.

### 15. Accumulated losses

	2020	2019
	\$	\$
Balance at the beginning of the reporting period	(557,531)	(619,523)
Profit/(loss) after income tax	41,988	61,992
Dividends paid	-	-
Cumulative adjustments upon adoption of accounting standard AASB 16 - Leases	(29,607)	-
Balance at the end of the reporting period	<u>(545,150)</u>	<u>(557,531)</u>

### 16. Dividends paid or provided for on ordinary shares

	2020	2019
	\$	\$
<b>Dividends paid or provided for during the year</b>		
No dividends were paid or proposed by the company during the period.	-	-

## Notes to the financial statements (continued)

### 17. Earnings per share

#### Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

	2020	2019
	\$	\$
Basic earnings per share (cents)	4.75	7.25

Earnings used in calculating basic earnings per share

Weighted average number of ordinary shares used in calculating basic earnings per share.	854,557	854,557
------------------------------------------------------------------------------------------	---------	---------

### 18. Statement of cash flows

**(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:**

Cash and cash equivalents (Note 5)	45,844	25,067
Less bank overdraft (Note 11)	-	-
As per the Statement of Cash Flow	<u>45,844</u>	<u>25,067</u>

**(b) Reconciliation of cash flow from operations with profit after income tax**

Profit / (loss) after income tax	41,988	61,992
Non-cash flows in profit		
- Depreciation	52,891	2,559
- Amortisation	13,556	13,556
- Bad debts	151	3,304
- Lease Liability Interest	16,502	-
- Rent Payments excluded from profit	(55,952)	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	251	25,472
- (Increase) / decrease in prepayments and other assets	(3,802)	1,613
- (Increase) / decrease in deferred tax asset	(30,061)	44,547
- Increase / (decrease) in trade and other payables	(459)	(48,614)
- Increase / (decrease) in current tax liability	-	-
- Increase / (decrease) in provisions	9,257	(985)
Net cash flows from / (used in) operating activities	<u>44,322</u>	<u>103,444</u>

**(c) Credit standby arrangement and loan facilities**

The company has a bank overdraft and commercial bill facility amounting to \$100,000 (2019: \$220,000). This may be terminated at any time at the option of the bank. At 30 June 2020, \$0 of this facility was used (2019: \$0). Variable interest rates apply to these overdraft and bill facilities.



## Notes to the financial statements (continued)

### 19. Key management personnel and related party disclosures

#### (a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

#### (b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

The Albany (WA) Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be nil for the year ended 30 June 2020.

#### (d) Key management personnel shareholdings

The number of ordinary shares in Albany (WA) Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2020	2019
Sarah Bowles	2,500	2,500
Michael Clutterham	-	-
Danielle Branson	-	-
Simon Lyas	-	-
Graham Foster	500	500
Leon Delpech	-	-
Johanna Tomlinson	2,000	2,000
	<u>5,000</u>	<u>5,000</u>

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

#### (e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

## Notes to the financial statements (continued)

---

### 20. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

### 21. Contingent liabilities and contingent assets

There were no contingent liabilities or assets at the date of this report to affect the financial statements.

### 22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Albany, WA. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2019:100%).

### 23. Commitments

#### Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

	<b>2020</b>
	<b>\$</b>
Payable:	
- no later than 12 months	56,871
- between 12 months and five years	274,874
- greater than five years	-
<b>Minimum lease payments</b>	<u><u>331,745</u></u>

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with the option to extend for a further 5 years.

### 24. Company details

The registered office and principle place of business is Shop 3, 78-82 Lockyer Avenue, Albany WA 6330.

### 25. Financial risk management

#### *Financial risk management policies*

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Due to the size of operations the full board acts as the Audit Committee.

#### *Specific financial risk exposure and management*

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies are as follows:

## Notes to the financial statements (continued)

### 25. Financial risk management (continued)

	Note	2020 \$	2019 \$
<b>Financial assets</b>			
Cash and cash equivalents	5	45,844	25,067
Trade and other receivables	6	67,667	67,918
<b>Total financial assets</b>		<b>113,511</b>	<b>92,985</b>
<b>Financial liabilities</b>			
Trade and other payables	11	23,971	38,221
Bank overdraft	12	-	-
<b>Total financial liabilities</b>		<b>23,971</b>	<b>38,221</b>

#### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

#### *Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2018: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

#### (b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

In addition the company has established an overdraft facility of \$100,000 with Bendigo and Adelaide Bank Limited. The undrawn amount of this facility is \$100,000(2019: \$220,000).

## Notes to the financial statements (continued)

### 25. Financial risk management (continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The Bank overdraft facility is subject to annual review, may be drawn at any time, and may be terminated by the bank without notice. Therefore the balance of the overdraft facility outstanding at year end could become repayable within 12 months.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

<b>30 June 2020</b>	<b>Weighted average interest rate</b>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>					
Cash and cash equivalents	0%	45,844	45,844	-	-
Trade and other receivables	0%	67,667	67,667	-	-
<b>Total anticipated inflows</b>		<u>113,511</u>	<u>113,511</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Trade and other payables	0%	23,971	23,971	-	-
Bank overdraft *	3.795%	-	-	-	-
<b>Total expected outflows</b>		<u>23,971</u>	<u>23,971</u>	<u>-</u>	<u>-</u>
<b>Net inflow / (outflow) on financial instruments</b>		<u><u>89,540</u></u>	<u><u>89,540</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

<b>30 June 2019</b>	<b>Weighted average interest rate</b>	<b>Total</b>	<b>Within 1 year</b>	<b>1 to 5 years</b>	<b>Over 5 years</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>					
Cash and cash equivalents	0%	25,067	25,067	-	-
Trade and other receivables	0%	67,918	67,918	-	-
<b>Total anticipated inflows</b>		<u>92,985</u>	<u>92,985</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Trade and other payables	0%	38,221	38,221	-	-
Bank overdraft *	3.795	-	-	-	-
<b>Total expected outflows</b>		<u>38,221</u>	<u>38,221</u>	<u>-</u>	<u>-</u>
<b>Net inflow / (outflow) on financial instruments</b>		<u><u>54,764</u></u>	<u><u>54,764</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

\* The Bank overdraft has no set repayment period and as such all has been included as current.

# Notes to the financial statements (continued)

## 25. Financial risk management (continued)

### (c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings and cash and cash equivalents.

### Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	Profit \$	Equity \$
<b>Year ended 30 June 2020</b>		
+/- 1% in interest rates (interest income)	458	458
+/- 1% in interest rates (interest expense)	-	-
	<u>458</u>	<u>458</u>
	Profit \$	Equity \$
<b>Year ended 30 June 2019</b>		
+/- 1% in interest rates (interest income)	250	250
+/- 1% in interest rates (interest expense)	-	-
	<u>250</u>	<u>250</u>

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The company has no exposure to fluctuations in foreign currency.

### (d) Price risk

The company is not exposed to any material price risk.

## Notes to the financial statements (continued)

### 25. Financial risk management (continued)

#### Fair values

##### *Fair value estimation*

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair Value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents (i)	45,844	45,844	25,067	25,067
Trade and other receivables (i)	67,667	67,667	67,918	67,918
<b>Total financial assets</b>	<b>113,511</b>	<b>113,511</b>	<b>92,985</b>	<b>92,985</b>
<b>Financial liabilities</b>				
Trade and other payables (i)	23,971	23,971	38,221	38,221
Bank overdraft	-	-	-	-
<b>Total financial liabilities</b>	<b>23,971</b>	<b>23,971</b>	<b>38,221</b>	<b>38,221</b>

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

# Directors' declaration

---

In accordance with a resolution of the Directors of Albany (WA) Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
  - ii. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable ground to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with resolution of the board of directors.



**Sarah Bowles**  
**Chairperson**

Signed on the 6 October 2020

# Independent audit report

## INDEPENDENT AUDITOR'S REPORT

To: The Members of Albany (WA) Community Financial Services Ltd

### Report on the Audit of the Financial Report

We have audited the accompanying financial report of Albany (WA) Community Financial Services Ltd, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Albany (WA) Community Financial Services Ltd is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter – Going Concern

The company has insufficient current assets available to pay current liabilities. The ability of the company to continue as a going concern is dependent upon the continued financial support of creditors and suppliers. Our opinion is not modified in respect of this matter.

### Emphasis of Matter – Intangible Deferred Tax Asset Valuation

The company has booked a deferred tax asset, being a future income tax benefit of \$ 251,522 as at 30 June 2020. This represents the tax benefit available in the event that tax losses are recouped in the future. The ability of the company to recoup those losses and realise the assets full value, is in turn dependent upon the company achieving a requisite level of profitability in the future. Our opinion is not modified in respect of this matter.

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so. The going concern basis of accounting is appropriate when it is reasonably foreseeable that the company will be able to meet its liabilities as they fall due.

The directors are responsible for overseeing the company's financial reporting process.



LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION

Macleod Corporation Pty Ltd is a CPA practice

Page 1 of 2

CERTIFIED PRACTISING ACCOUNTANTS



**MACLEOD**  
CORPORATION PTY LTD.

A.B.N. 25 082 636 968

Unit 8, 76 Proudlove Parade  
ALBANY WA 6330

PO Box 5779  
ALBANY WA 6332

ph 08 9841 2118

m. 0412 375 667

e. paul@macleodcpa.com.au

www.macleodcpa.com.au



# Independent audit report (continued)

## Auditor's responsibilities for the audit of the financial report

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

Our objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of members taken on the basis of this financial report.

We have complied with the competency standards set by Australian Securities & Investments Commission (ASIC). Our audit has been conducted in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free from material misstatement.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.



Paul Gilbert FCPA MBA  
Macleod Corporation Pty Ltd  
Dated this 18th day of September 2020



LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION  
Macleod Corporation Pty Ltd is a CPA practice

Page 2 of 2

CERTIFIED PRACTISING ACCOUNTANTS

Community Bank - Albany  
3/78-82 Lockyer Avenue, Centennial Park WA 6330  
Phone: 08 9842 1911 Fax: 08 9842 1491  
Email: [albany@bendigoadelaide.com.au](mailto:albany@bendigoadelaide.com.au)  
Web: [bendigobank.com.au/albany](http://bendigobank.com.au/albany)

Franchisee: Albany (W.A.) Community Financial Services Limited  
ABN: 77 119 012 510  
3/78-82 Lockyer Avenue, Centennial Park WA 6330  
Phone: 08 9842 1911 Fax: 08 9842 1491  
Email: [ace@albanycfs.com](mailto:ace@albanycfs.com)

 /albanycommunitybank

This Annual Report has been printed on 100% Recycled Paper

