Annual Report 2020

Beaconsfield District Community Financial Services Ltd

Community Bank
Beaconsfield District

ABN 18 134 858 889

Contents

Chairman's report

For year ending 30 June 2020

Welcome to all shareholders in this unheralded COVID-19 year. Sadly, the pandemic has had severe effects in Victoria on the health of many people as well as affecting jobs and businesses. Community Bank Beaconsfield District has continued to operate normal business hours at the same staffing level but with necessary changes adhering to COVID-19 regulations being made to protect staff and customer welfare and to enable continued operation of the branch as an essential service. Thanks for the efforts of branch staff and Bendigo Bank staff including regional staff during this difficult time.

At Community Bank Beaconsfield District, we partner with Australia's fifth largest bank and we're proud of the contribution we make to what is one of Australia's most trusted brands.

We have operated since 2009 and look forward to continuing to provide banking services to the local community.

Our Community Bank model has been held up as an example of a great way of doing business. We continue to work closely with our partner, Bendigo and Adelaide Bank Limited, on ways to improve the customer experience.

The growth of our existing customer base will mean a growth in your community's investment in Community Bank Beaconsfield District.

To all shareholders, I thank you for your ongoing support. We have 245 shareholders in our community company. I put the challenge to you to take the time to help us grow your business. If every single one of our 245 shareholders referred one customer to Community Bank Beaconsfield District, imagine the growth to our business and to your investment. And ultimately, the benefit to your community with a greater pool of funds to distribute to community groups and projects.

Andrew Gardner, our Branch Manager is ready to act on your referrals. Make yourself known to Andrew Gardner and help us help your community company and our local community.

In the past financial year, banking operations have again been very competitive for our community company. Excluding abnormal income of $51,000, our gross revenue decreased by $64,000 due in part to the low interest rate environment. Accordingly, the net profit for the year of $85,000 was a significant decrease to the net profit for the previous financial year of $149,000.

The income of a community company is generated from funds under management including deposits, loans, insurances, superannuation and various other products. All banking is with Bendigo and Adelaide Bank Limited. During the financial year these funds under management increased by $8.8 million (increase in deposits and other of $7.5 million and increase in loans of $1.3 million).

Marketing and Business Development is the key to the improvement of business operations. In the last financial year our company contributed $31,000 to local organisations by way of marketing, advertising and sponsorships. The policy adopted by the Board of Directors is that any requests for sponsorship must meet certain guidelines including obtaining the organisation's business, access to members to inform them of the benefits of banking with Bendigo and Adelaide Bank Limited, advertising, signage etc. These business relationships are viewed to promote longer term benefits for the organisations, the members and the community company.

I appreciate the ongoing support, assistance and banking expertise provided by Bendigo and Adelaide Bank Limited. Our branch is part of the Melbourne South East Region headed by Tracey Kelly. I thank the Regional Manager for sharing her banking knowledge and dedication in assisting branch staff and our company Directors during the year.

An important aspect of any business and particularly a community company is having friendly customer orientated staff. Branch Manager Andrew Gardner, Customer Relationship Manager Natalie Romero, Customer Relationship Officer Kylie Durrant and the Customer Service Officers Nicole Gray and Jacquelynn Murtagh have sound knowledge of banking and the willingness of staff to assist customers and also promote the bank outside normal work hours is greatly appreciated by the Board. We congratulate the following staff who have recently reached milestones in employment with the Bendigo Bank Group:

- Andrew Gardner – 15 years
- Natalie Romero – 10 years
- Nicole Gray – 10 years.

Board members have undertaken Planning and Governance matters including revisions of Strategic Plans and Business Plan. Board members have expended considerable time on Planning, Governance and Strategic issues to plan the development of business opportunities to further increase business of the company. Thank you to all Board members for their contributions and commitment to their responsibilities as Directors of a public company. There is much participation required of Directors outside of attending Board and Committee meetings and I acknowledge the voluntary commitment the Directors provided during the year. During the COVID-19 period, Directors' meetings have been held using Zoom.

Finally, the continued support of the shareholders is greatly appreciated and has assisted the growth of our community company business. With your continued support combined with the efforts of the staff and Board members, we can improve our trading and financial position and benefits will be flowing to shareholders and to the local community. With profits being earned, the Directors have approved the payment of an unfranked dividend of 4 cents per share. An unfranked dividend of 5 cents per share was paid in November, 2019.

Graeme J. Taylor FCA.
Chairman

Manager's report

For year ending 30 June 2020

It is my pleasure to present to you the Manager`s report for the 2019/20 financial year. It was another challenging but successful one for Community Bank Beaconsfield District. Through a strong commitment and determination from our staff and Board we were able to again grow our business. Overall, we grew the total business holdings by $8 million to a total $104.5 million in deposit and loans across our branch. While we did achieve some strong lending results at a branch level with $2.5 million in growth, a decline in business banking lending saw a negative effect on the year end results. This was mostly from business customers selling their property to move into retirement.

The evolving electronic and automated nature of banking continues to see a reduction in the transactional activity in our branches. While customer and account numbers are rising, the actual banking transactions are declining. We are still seeing strong numbers of people coming into our branch for product opening, maintenance, and advice-based services, which has led to changes in the way we structure our branch teams. At Community Bank Beaconsfield District, we are transitioning our front office branch teams to be more advice based rather than the traditional 'bank tellers', as the need declines. The reduction of in-branch traffic also impacts the way we attract new customers and engage with our existing customers. Our community nature and reputation of being good relationship bankers, has resulted in 'word of mouth' customer advocacy. We are engaging in more phone based relationship calls with our existing customer base to see if their current banking package is the most relevant and cost effective, or if we can assist them further with achieving their financial goals.

Without doubt the Coronavirus has changed the face of banking and the focus on 'responsible lending' has seen changes to policy with the intention of protecting our customers from unscrupulous operators. I strongly believe our bank policies are very protective of our customer`s assets and therefore our customers can have great faith and trust that Bendigo Bank does have the customer at the heart of everything we do. The opportunity to do business with your local bank, have a Branch Manager who lives in and cares about your local community. No other bank offers this.

I would like to acknowledge our existing customers and say thank you for your loyalty and the difference you have made to our communities. Each of us has a role to play in the growth of Community Bank Beaconsfield District. Please enquire about moving your banking from 'what's always been' to Community Bank Beaconsfield District – whether you are a shareholder, small business operator or the person next door, everyone can make a difference. My team and I commit to providing an empathetic, professional, trustworthy customer experience for all our existing customers and welcome new customers to our branch. Nat, Kylie, Nicole, and Jackie – I would like to acknowledge your contribution to our business throughout the 2019/20 year and especially during this Coronavirus pandemic with so much instability. The Directors of the Board provide governance and guidance to our community groups throughout the year. I would like to acknowledge Graeme and all the Directors for supporting and helping to grow our business and always promoting Community Bank Beaconsfield District. I would also like to thank Tracey Kelly, Regional Manager for your support and help throughout the year.

I look forward to assisting all existing and new customers to grow their wealth and secure their financial future.

Thank you

Andrew Gardner
Branch Manager

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

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Treasurer's report

For year ending 30 June 2020

This financial report covers the year ended 30 June 2020 with comparative amounts for previous annual periods.

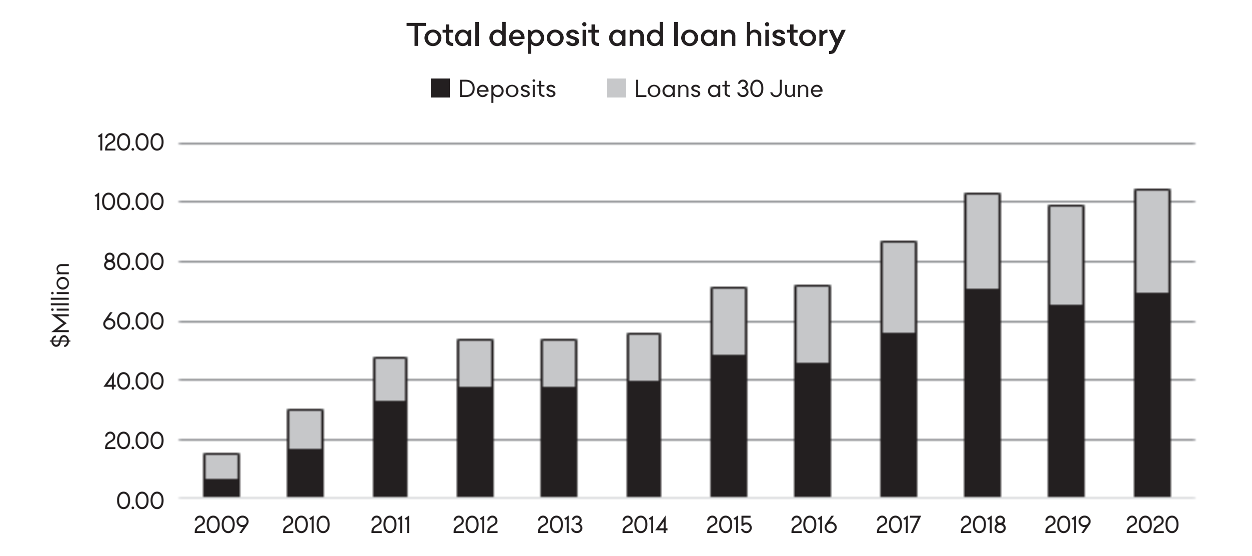
The financial performance as set out in the following table compares actual results for the last four financial periods, with the budgeted 2019/20 income and expenditure approved by the company's Board of Directors.

	Actual results $'000				Budget $'000 2019/20	Budget variation favourable (unfavourable)
	2016/17	2017/18	2018/19	2019/20		
Revenue from activities	617	697	718	692	703	(11)
Salaries and employment costs	344	355	343	377	353	(24)
Depreciation and amortisation	26	29	26	59	24	(35)
Administration and other costs	207	211	200	171	213	42
Total expenses	**577**	**595**	**569**	**607**	**590**	**(17)**
Net profit (loss) before tax	40	102	149	85	113	(28)

The last two years have proven most difficult for Community Bank Beaconsfield District and the banking industry in general. With record low interest rates since 2018 to present and recent business impacts from COVID-19, we have expected the resulting downturn in results as anticipated last financial year. It is also noted that our revenue saw receipt of $40,000 from extraordinary items relating to Government COVID-19 support.

While a profit of $85,000 is less than desirable, and well short of plan, it is pleasing to see that our deposits and loans book has recovered from last year's downturn with deposits exceeding plan by $4.2 million, albeit loans under performed our plan by $1.7 million. At the time of writing, these results see growth in both loans and deposits ahead of plan.

The following table shows our deposit and loan book performance since inception.



While emphasis will be to continue growing our deposit and loan book in the coming year, greater emphasis will be placed on non-margin fee-based services to offset decreasing deposit and loan margins. However, we do forecast another lean year for our branch and banking in general.

Our 2020/21 budget is summarised as follows:

Revenue from activities including MDF	**$682,206**
Salaries and employment costs	$367,946
Depreciation and amortisation	$ 25,164
Administrative and other costs	$206,360
Net profit	**$82,736**

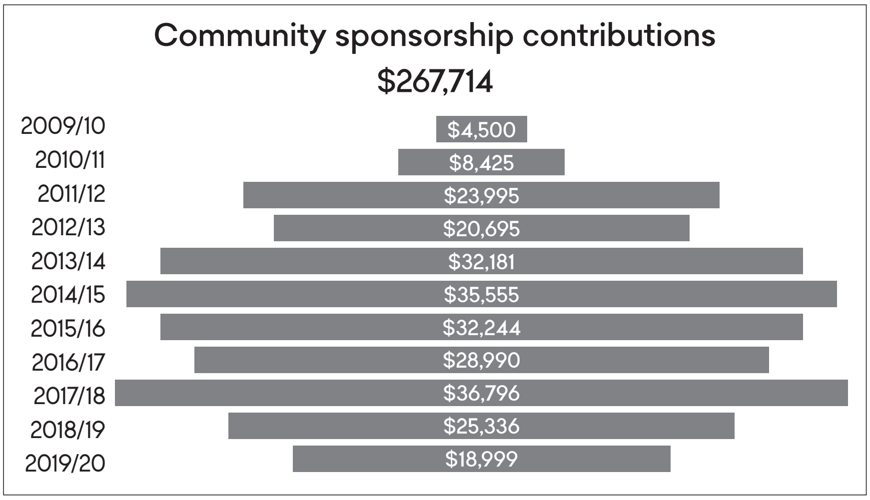
Dividend payments

Despite a difficult business environment, the company has made two dividend payments and will make a further payment in the 2020/21 financial year of 4c per share. Payments made to date:

Payment date	Cents per share	Total payments
19 December 2018	3c	$22,948.83
19 November 2019	5c	$38,248.35

Community sponsorship contributions

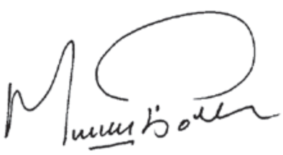
Since inception, our company has made contributions to local communities totalling $383,185 of which $267,714 has been in direct sponsorships and the balance in support of local business activities. While our branch foresees lean times, in terms of our franchise agreement with Bendigo and Adelaide Bank Limited, we aim to continue community contributions commensurate with our business performance.



The graphs above sets out our annual sponsorship contributions to our local community.

The Finance Committee acknowledges the assistance of the Board of Directors, our Branch Manager, Andrew Gardner and his staff, as well as the various administrative staff of Bendigo and Adelaide Bank Limited. I also thank other Finance Committee Members, Graeme Taylor, Geoff Rankin and Gerald Treasure.

Michelle Wheeler, Chartered Accountant has again capably handled all our accounting and taxation compliance matters, preparation of Statutory Financial Reports, Income Tax Return and liaising with the Auditors. The work undertaken by Michelle has allowed Directors to devote more time to other aspects of the business and is truly appreciated.



Maurice Potter
Treasurer

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 Beaconsfield District Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Directors	Details
Graeme James Taylor	Fellow of the Institute of Chartered Accountants Australia and New Zealand, many years experience as a practising Chartered Accountant.
John Edward French	Many years of business experience as a Training Service Manager.
Carol Anne Porter	Many years of business experience as a Partner in Plumbing Business.
Rohan James Treasure	Retired 21 November 2019. Many years of business experience as the Managing Director of Beaconsfield Home Timber & Hardware.
Gerald James Treasure	Many years of business experience as the Managing Director of Beaconsfield Home Timber & Hardware.
David Edward Nutter	Many years of business experience as a Motor Vehicle Dealer (now retired)
Sam Bunting Lavery McCurdy	Retired 21 November 2019. BSc (Hons) and Dip Ed, Consultant, Training Programs.
Geoffrey Robin Rankin	Fellow of the Institute of Chartered Accountants Australia and New Zealand, CPA. Many years of business experience as a Financial Controller in international companies, including Deputy Managing Director (now retired).
Mersou (Michael) Muaremov	Adv Dip Business Accounting, Registered Tax Agent, Fellow of the National Tax & Accountants Association. Many years of business experience as a Practising Accountant.
Maurice Lisle Potter	Many years of business experience as a Bank Officer and development roles (now retired).

Directors were in office for this 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:

	Board meetings	
	A	B
Graeme James Taylor	10	10
John Edward French	10	5
Carol Anne Porter	10	5
Rohan James Treasure	4	4
Gerald James Treasure	10	5

Directors' meetings (continued)

	Board meetings	
	A	B
David Edward Nutter	10	10
Sam Bunting Lavery McCurdy	4	4
Geoffrey Robin Rankin	10	8
Mersou (Michael) Muaremov	10	8
Maurice Lisle Potter	10	8

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Maurice Potter has been the Company Secretary of Beaconsfield District Community Financial Services Limited since 2009. Maurice's qualifications and experience include 43 years service with the National Australia Bank, mostly in specialist administration and system development roles.

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 $72,330 (2019 profit: $108,492), which is a 33.3% decrease as compared with the previous year, predominantly due to lower service commissions.

There have been no significant changes to operations during the year.

New Accounting Standards Implemented

The Company has implemented a new accounting standard that is applicable for the current reporting period.

AASB 16: Leases has been applied retrospectively using the modified cumulative approach, with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

COVID-19 Impact on Operations

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary interventions to stabilise economic conditions. During COVID-19 there has been no major matters affecting the financial position or performance other than receipt of Federal Government Cash Flow Boost payments of $39,755.

The Company has determined that these events have not required any specific adjustments within the financial report. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as any impact on the financial position and results of the Company for future periods.

Dividends

An unfranked dividend of 5 cents per share was declared from profits for the year ended 30 June 2019. The dividend was paid during the year ended 30th June 2020. No dividends have been declared or paid for the year ended 30 June 2020 as yet.

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 11 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 Beaconsfield on 30 September 2020.

Graeme James Taylor
Director

Auditor's independence declaration

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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Beaconsfield District Community Financial Services Limited

In accordance with Section 307C of the *Corporations Act 2001,* I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 30 September 2020

Financial statements

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

	Notes	2020 $	2019 $
Revenue	2	692,088	718,143
Expenses			
Employee benefits expense	3	(376,713)	(343,418)
Depreciation and amortisation	3	(59,467)	(26,283)
Finance costs	3	(16,903)	(120)
Bad and doubtful debts expense	3	(681)	(47)
Administration and general costs		(37,203)	(38,618)
Occupancy expenses		(27,400)	(66,327)
IT expenses		(33,406)	(32,977)
Advertising and marketing expenses		(11,862)	(5,777)
Insurance		(13,720)	(13,201)
Professional fees		(11,000)	(10,949)
		(588,355)	**(537,717)**
Operating profit before charitable donations and sponsorship		**103,733**	**180,426**
Charitable donations and sponsorship		(18,999)	(31,436)
Profit before income tax		**84,734**	**148,990**
Income tax expense	4	(12,404)	(40,498)
Profit for the year after income tax		**72,330**	**108,492**
Other comprehensive income		-	-
Total comprehensive income for the year		**72,330**	**108,492**
Profit attributable to members of the company		72,330	108,492
Total comprehensive income attributable to members of the company		**72,330**	**108,492**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	19	9.46	14.18

The accompanying notes form part of these financial statements

Statement of Financial Position
as at 30 June 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	89,750	98,128
Trade and other receivables	6	48,699	52,793
Financial assets	7	80,144	-
Other assets	8	14,496	14,956
Total current assets		**233,089**	**165,877**
Non-current assets			
Property, plant and equipment	9	373,686	51,215
Intangible assets	10	70,362	17,755
Deferred tax assets	4	141,818	154,222
Total non-current assets		**585,866**	**223,192**
Total assets		**818,955**	**389,069**
Liabilities			
Current liabilities			
Trade and other payables	12	76,248	33,275
Leases	14	28,974	-
Provisions	15	64,177	47,041
Total current liabilities		**169,399**	**80,316**
Non-current liabilities			
Leases	14	301,608	-
Provisions	15	5,113	-
Total non-current liabilities		**306,721**	**-**
Total liabilities		**476,120**	**80,316**
Net assets		**342,835**	**308,753**
Equity			
Issued capital	16	748,476	748,476
Accumulated losses	17	(405,641)	(439,723)
Total equity		**342,835**	**308,753**

The accompanying notes form part of these financial statements

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019		748,476	(439,723)	308,753
Comprehensive income for the year				
Profit for the year		-	72,330	72,330
Other comprehensive income for the year		-	-	-
		-	**72,330**	**72,330**
Transactions with owners in their capacity as owners				
Dividends paid or provided	18	-	(38,248)	(38,248)
Balance at 30 June 2020		**748,476**	**(405,641)**	**342,835**
Balance at 1 July 2018		748,476	(548,215)	200,261
Comprehensive income for the year				
Profit for the year		-	108,492	108,492
Other comprehensive income for the year		-	-	-
		-	**108,492**	**108,492**
Transactions with owners in their capacity as owners				
Dividends paid or provided	18	-	-	-
Balance at 30 June 2019		**748,476**	**(439,723)**	**308,753**

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		757,560	797,901
Payments to suppliers and employees		(528,040)	(643,326)
Interest paid		(16,903)	(120)
Interest received		1,053	-
Net cash flows provided by operating activities	**20b**	**213,670**	**154,455**
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,447)	(1,687)
Purchase of investments		(80,144)	-
Purchase of intangible assets		(65,919)	-
Net cash flows used in investing activities		**(156,510)**	**(1,687)**
Cash flows from financing activities			
Repayment of lease liabilities		(27,597)	-
Dividends paid		(37,941)	(22,949)
Net cash flows used in financing activities		**(65,538)**	**(22,949)**
Net increase/(decrease) in cash held		(8,378)	129,819
Cash and cash equivalents at beginning of financial year		98,128	(31,691)
Cash and cash equivalents at end of financial year	**20a**	**89,750**	**98,128**

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2020

These financial statements and notes represent those of Beaconsfield District Community Financial Services Limited (the Company) as an individual entity.

Beaconsfield District Community Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 30 September 2020.

Note 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, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

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 6/52-62 Old Princes Highway Beaconsfield.

The branch operates 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.

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.

Note 1. Summary of significant accounting policies (continued)

(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. With the exception of Goodwill all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's recoverable amount exceeds its carrying amount.

(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) Comparative figures

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

(e) 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:

<u>Estimation of useful lives of assets</u>

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.

<u>Fair value assessment of non-current physical assets</u>

The AASB 13 Fair Value standard requires fair value assessments that may involved 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.

<u>Employee benefits provision</u>

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.

<u>Income tax</u>

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.

<u>Impairment</u>

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.

Note 1. Summary of significant accounting policies (continued)

(f) New and revised standards that are effective for these financial statements

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2019. Note that the changes in accounting policies specified below ONLY apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

AASB 16 Leases became mandatorily effective on 1 January 2019. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 16 Leases

AASB 16 Leases replaces AASB 117 Leases and three associated Interpretations. The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated, as permitted under the specific transition provisions in the standard.

For contracts in place at the date of initial application, as permitted under the specific transition provisions in the standard, the Company has elected to apply the definition of a lease from AASB 117 and relevant associated interpretations, and has not applied AASB 16 to arrangements that were previously not identified as a lease under AASB 117 and associated interpretations. This means that any contracts that were deemed to not contain a lease under AASB 117 have not been reassessed under AASB 16.

The Company has also elected to not include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. Furthermore, at this date, the Company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value-assets (less than $10,000) the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.89%.

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

	$
Total operating lease commitments disclosed at 30 June 2019	224,450
Variable lease payments not recognised	222,500
Operating lease liabilities before discounting	**446,950**
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	358,179

Note 1. Summary of significant accounting policies (continued)

(f) New and revised standards that are effective for these financial statements (continued)

AASB 16 Leases (continued)

	$
Lease liability as at 1 July 2019	-
Represented by:	
Current lease liabilities	28,974
Non-current lease liabilities	329,205
	358,179

Adjustments recognised in the balance sheet on 1 July 2019

The recognised right-of-use assets relate to the following types of assets:

	30 June 2020 $	30 June 2019 $
Properties	323,235	358,179
Total right-of-use assets	**323,235**	**358,179**

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

Balance sheet item	Effect	Amount $
Property, plant and equipment	Increase	358,179
Lease liabilities	Increase	358,179

(h) Change in accounting policies

Accounting policy applicable from 1 July 2019

The Company as a lessee

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Note 1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Accounting policy applicable from 1 July 2019 (continued)

Measurement and recognition of leases as a lessee (continued)

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, the right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in borrowings.

Accounting policy applicable before 1 July 2019

The Company as a lessee

- Finance leases

  Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

  For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

  See the accounting policy note in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

- Operating leases

  All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Impact of standards issued but not yet applied by the entity

AASB 17 Insurance Contracts

AASB 17 was issued in July 2017 as replacement for AASB 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under AASB 9.

Note 1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Impact of standards issued but not yet applied by the entity (continued)

AASB 17 Insurance Contracts (continued)

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. As the company does not issue any insurance contracts or investment contracts with discretionary participation features, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

AASB 1059 Service Concession Arrangements: Grantors

The standard applies to both not-for-profit and for-profit public sector entities that are grantors in a service concession arrangement. These are arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector entity for a specified period of time and managing at least some of those services.

As the company is not a grantor in a service concession arrangement, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

Note 2. Revenue

	2020 $	2019 $
Revenue		
- service commissions	608,766	673,173
	608,766	**673,173**
Other revenue		
- interest received	1,053	-
- other revenue	82,269	44,970
	83,322	**44,970**
Total revenue	**692,088**	**718,143**

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.

Interest and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

Other revenue is recognised when the right to the income has been established.

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

Rendering of services

As detailed in the franchise agreement, companies earn three types of revenue - margin, commission and fee income. Bendigo and Adelaide Bank Limited decide the method of calculation of revenue the company earns on different types of products and services and this is dependent on the type of business the company generates also taking into account other factors including economic conditions, including interest rates.

Note 2. Revenue (continued)

Rendering of services (continued)

Core Banking Products

Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given.

Margin

Margin is earned on all core banking products. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin. Margin is determined by taking the interest paid by customers on loans less interest paid to customers on deposits, plus any deposit returns, i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit, minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Commission

Commission is a fee earned on products and services sold. Depending on the product or services, it may be paid on the initial sale or on an ongoing basis.

Fee Income

Fee income is a share of 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank Limited, including fees for loan applications and account transactions.

Discretionary Financial Contributions

Bendigo and Adelaide Bank Limited has made discretionary financial payments to the company, outside of the franchise agreement and in addition to margin, commission and fee income. This income received by the company is classified as "Market Development Fund" (MDF) income. The purpose of these payments is to assist the company with local market development activities, however, it is for the board to decide how to use the MDF. Due to their discretionary nature, Bendigo and Adelaide Bank Limited may change or stop these payments at any time.

Form and Amount of Financial Return

The franchise agreement stipulates that Bendigo and Adelaide Bank Limited may change the form, method of calculation or amount of financial return the company receives. The reasons behind making a change may include, but not limited to, changes in Bendigo and Adelaide Bank Limited's revenue streams/processes; economic factors or industry changes.

Bendigo and Adelaide Bank Limited may make any of the following changes to form, method of calculation or amount of financial returns:

- A change to the products and services identified as 'core banking products and services'
- A change as to whether it pays the company margin, commission or fee income on any product or service.
- A change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.

These abovementioned changes, may impact the revenue received by the company on a particular product or service, or a range of products and services.

However, if Bendigo and Adelaide Bank Limited make any of the above changes, per the franchise agreement, it must comply with the following constraints in doing so.

a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;

b) In changing a margin to a commission or a commission to a margin on a core banking product or service, OR changing the method of calculation of a cost of funds, deposit return or margin or amount of margin or commission on a core product or service, Bendigo and Adelaide Bank Limited must not reduce the company's share of Bendigo and Adelaide Bank Limited's margin on core banking product and services when aggregated to less than 50% of Bendigo and Adelaide Bank Limited's margin on core banking products attributed to the company's retail branch operation; and

c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

Note 3. Expenses

	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	312,601	317,513
- superannuation costs	28,963	26,248
- other costs	35,149	(343)
	376,713	**343,418**
Depreciation and amortisation		
Depreciation		
- leasehold improvements	7,910	7,910
- plant and equipment	3,301	4,633
- right of use assets	34,944	-
	46,155	**12,543**
Amortisation		
- franchise fees	13,312	13,740
	13,312	**13,740**
Total depreciation and amortisation	**59,467**	**26,283**
Finance costs		
- Interest paid	16,903	120
Bad and doubtful debts expenses	681	47
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	5,250	5,180
	5,250	**5,180**

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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased 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:

Class of asset	Rate	Method
Leasehold improvements	7%	Straight line
Plant and equipment	5-33%	Straight line
Motor vehicles	20%	Straight line
Right of use assets	10%	Straight line

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

Note 3. Expenses (continued)

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.

Note 4. Income tax

	2020 $	2019 $
a. The components of tax expense comprise:		
Current tax expense	21,650	39,842
Deferred tax expense	12,404	40,814
Recoupment of prior year tax losses	(21,650)	(39,841)
Under / (over) provision of prior years	-	(317)
	12,404	**40,498**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2019: 27.5%)	23,302	40,972
Add tax effect of:		
- Under / (over) provision of prior years	-	(317)
- Non-deductible expenses	35	(157)
- Cashflow Boost Payments	(10,933)	-
Income tax attributable to the entity	**12,404**	**40,498**
The applicable weighted average effective tax rate is:	14.64%	27.18%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	-	-
Income tax paid	-	-
Current tax	21,650	39,842
Under / (over) provision prior years	-	-
Recoupment of prior year losses	(21,650)	(39,842)
	-	**-**
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Property, plant & equipment	2,020	-
Accruals	1,637	413
Employee provisions	18,970	12,936
Unused tax losses	134,547	156,197
	157,174	**169,546**

Note 4. Income tax (continued)

	2020 $	2019 $
d. Deferred tax asset (continued)		
Deferred tax liabilities comprise:		
Prepayments	2,889	3,250
Property, plant & equipment	12,467	12,074
	15,356	**15,324**
Net deferred tax asset	**141,818**	**154,222**
Total carried forward tax losses not recognised as deferred tax assets:	-	-

e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	12,371	43,105
(Decrease) / increase in deferred tax liabilities	33	(1,974)
Under / (over) provision prior years	-	(317)
	12,404	**40,814**

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 for the current period. 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.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects nether accounting profit nor taxable profit (tax loss).

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.

Current tax assets and liabilities are offset where a legally enforceable right of off-set exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

Note 5. Cash and cash equivalents

	2020 $	2019 $
Cash at bank and on hand	38,724	47,887
Short-term bank deposits	51,026	50,241
	89,750	**98,128**

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.

The effective interest rate on short-term bank deposits was 0.75% (2019: 1.95%); these deposits have an average maturity of 90 days.

Note 6. Trade and other receivables

	2020 $	2019 $
Current		
Trade receivables	48,699	52,793
	48,699	**52,793**

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited 14 days post month end, there is no items that require the application of the lifetime expected credit loss model.

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 Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current and forecast directions of conditions at the reporting date.

There has been change in the estimation techniques or significant assumptions made during the current reporting period.

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 $	
2020						
Trade receivables	48,699	48,699	-	-	-	-
Total	**48,699**	**48,699**	**-**	**-**	**-**	**-**
2019						
Trade receivables	52,793	52,793	-	-	-	-
Total	**52,793**	**52,793**	**-**	**-**	**-**	**-**

Note 7. Financial assets

	2020 $	2019 $
Amortised cost		
Term deposits	80,144	-
	80,144	**-**

The effective interest rate on the bank deposit was 1.1% (2019: NA). This deposit has a term of 7 months, maturing on 5 January 2021.

(a) Classification of financial assets

The company classifies its financial assets in the following categories:

- amortised cost

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets.

(b) Measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

(c) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Stage 3 would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Note 7. Financial assets (continued)

(d) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 8. Other assets

	2020 $	2019 $
Prepayments	10,507	11,816
Security bond	3,989	3,140
	14,496	**14,956**

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.

Note 9. Property, plant and equipment

	2020 $			2019 $		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements - at cost	118,595	(85,028)	33,567	118,595	(77,118)	41,477
Plant and equipment - at cost	111,382	(94,498)	16,884	100,934	(91,196)	9,738
Total property, plant and equipment	**229,977**	**(179,526)**	**50,451**	**219,529**	**(168,314)**	**51,215**

Plant and equipment

Plant and equipment are measured on the cost basis and are 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.

Note 9. Property, plant and equipment (continued)

Leased assets

As described in Note 1(h), the Company has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 17.

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.

(a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2020 (2019: None)

(b) Movements in carrying amounts of PP&E

2020	Leasehold Improvements $	Plant & Equipment $	Total $
Opening carrying value	41,477	9,738	51,215
Adjustment for adoption of AASB 16	-	-	-
Restated opening net book amount	**41,477**	**9,739**	**51,215**
Additions		10,447	10,447
Disposals	-	-	-
Transfers	-	-	-
Revaluations	-	-	-
Depreciation	(7,910)	(3,301)	(11,211)
Closing carrying value	**33,567**	**16,885**	**50,451**
2019	Leasehold Improvements $	Plant & Equipment $	Total $
Opening carrying value	49,387	12,684	62,071
Additions	-	1,687	1,687
Disposals	-	-	-
Transfers	-	-	-
Revaluations	-	-	-
Depreciation	(7,910)	(4,633)	(12,543)
Closing carrying value	**41,477**	**9,738**	**51,215**

(c) Right of use assets

The Company's lease portfolio includes buildings, plant and equipment.

Options to extend or terminate

The option to extend or terminate are contained in the property lease of the Company. All extension or termination options are only exercisable by the Company . The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of use asset.

Note 9. Property, plant and equipment (continued)

(c) Right of use assets (continued)

Options to extend or terminate (continued)

(i) AASB 16 related amounts recognised in the statement of financial position

	Leased Building $	Total Right of use asset $
Leased Asset	358,179	358,179
Accumulated depreciation	(34,944)	(34,944)
	323,235	**323,235**

Movements in carrying amounts:

	Leased Building $	Total Right of use asset $
Recognised on initial application of AASB 16		
- previously classified as operating leases	358,179	358,179
Depreciation expense	(34,944)	(34,944)
Net carrying amount	**323,235**	**323,235**

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

	2020 $
Depreciation charge related to right-of-use assets	34,944
Interest expense on lease liabilities	16,903
Total cash outflows for leases	**51,847**

Note 10. Intangible assets

	2020 $			2019 $		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	65,919	(10,437)	55,482	68,713	(65,838)	2,875
Goodwill	14,880	-	14,880	14,880	-	14,880
Total intangible assets	**80,799**	**(10,437)**	**70,362**	**83,593**	**(65,838)**	**17,755**

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.

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses.

Note 10. Intangible assets (continued)

Movements in carrying amounts

2020	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	2,875	65,919	(13,312)	55,482
Establishment costs	14,880	-	-	14,880
Total intangible assets	**17,755**	**65,919**	**(13,312)**	**70,362**
2019	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	16,615	-	(13,740)	2,875
Goodwill	14,880	-	-	14,880
Total intangible assets	**31,495**	**-**	**(13,740)**	**17,755**

Note 11. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Note 12. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade creditors	58,689	6,178
Other creditors and accruals	17,559	27,097
	76,248	**33,275**

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.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

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

Note 13. Borrowings

(a) Bank overdraft and bank loans

The company does not have a bank overdraft facility.

The company has no bank loan facilities.

Note 14. Leases

	2020 $	2019 $
Current		
Property Leases	28,974	-
	28,974	**-**
Non-current		
Property Leases	301,608	-
	301,608	**-**
Total leases	**330,582**	**-**

The Company has leases for Property Rental Premises. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend n an index or a rate (such as a lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 9)

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Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant & equipment and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

	Minimum lease payments due				
	Within 1 year $	1-2 Years $	3-5 years $	After 5 years $	Total $
30 June 2020					
Lease payments	44,500	89,000	133,500	140,917	407,917
Finance charges	(15,526)	(26,632)	(27,790)	(7,387)	(77,335)
Net present values	**28,974**	**62,368**	**105,710**	**133,530**	**330,582**
30 June 2019					
Lease payments	-	-	-	-	-
Finance charges	-	-	-	-	-
Net present values	**-**	**-**	**-**	**-**	**-**

Note 14. Leases (continued)

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

At 30 June 2020, the Company was not committed to short-term leases.

Additional information on the right-of-use assets by class of assets is as follows:

	Carrying amount (Note 9) $	Depreciation Expense $	Impairment $
Property Leases	358,179	(34,944)	-
	358,179	**(34,944)**	**-**

Note 15. Provisions

	2020 $	2019 $
Current		
Employee benefits	63,870	47,041
Dividends	307	-
	64,177	**47,041**
Non-current		
Employee benefits	**5,113**	**-**
Total provisions	**69,290**	**47,041**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

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 and annual 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. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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.

Note 16. Share capital

	2020 $	2019 $
764,961 Ordinary shares fully paid	764,961	764,961
Less: Equity raising costs	(16,485)	(16,485)
	748,476	**748,476**

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.

(a) Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	764,961	764,961
Shares issued during the year	-	-
At the end of the reporting period	**764,961**	**764,961**

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.

(b) 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.

Note 17. Accumulated losses

	2020 $	2019 $
Balance at the beginning of the reporting period	(439,723)	(548,215)
Profit for the year after income tax	72,330	108,492
Dividends paid	(38,248)	-
Balance at the end of the reporting period	**(405,641)**	**(439,723)**

Note 18. Dividends paid or provided for on ordinary shares

	2020 $	2019 $
Dividends paid or provided for during the year		
Interim unfranked ordinary dividend of 5 cents per share (2019: Nil)	38,248	-

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

Note 19. Earnings per share

	2020 $	2019 $
Basic earnings per share (cents)	9.46	14.18
Earnings used in calculating basic earnings per share	72,330	108,492
Weighted average number of ordinary shares used in calculating basic earnings per share	764,961	764,961

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.

Note 20. Statement of cash flows

	2020 $	2019 $
(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)	89,750	98,128
As per the Statement of Cash Flow	**89,750**	**98,128**
(b) Reconciliation of cash flow from operations with profit/loss after income tax		
Profit for the year after income tax	72,330	108,492
Non-cash flows in profit		
- Depreciation and amortisation	59,467	26,283
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	4,094	9,539
- (increase) / decrease in prepayments and other assets	460	(545)
- (Increase) / decrease in deferred tax asset	12,404	40,498
- Increase / (decrease) in trade and other payables	42,973	(18,710)
- Increase / (decrease) in provisions	21,942	(11,102)
Net cash flows from operating activities	**213,670**	**154,455**

(c) Credit standby arrangement and loan facilities

The company does not have a bank overdraft facility (2019: $100,000 Bank overdraft facility).

Note 21. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person 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.

No director of the company receives remuneration for services as a company director or committee member. There are no executives within the company whose remuneration is required to be disclosed.

(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.

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the company during the year. No Director fees have been paid as the positions are held on a voluntary basis.

The Beaconsfield District Community Financial Services Limited have not 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.

(d) Key management personnel shareholdings

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

	2020	2019
Graeme James Taylor	10,001	10,001
John Edward French	5,001	5,001
Carol Anne Porter	5,001	5,001
Rohan James Treasure	20,501	20,501
Gerald James Treasure	11,501	11,501
David Edward Nutter	5,000	5,000
Sam Bunting Lavery McCurdy	-	-
Geoffrey Robin Rankin	700	700
Mersou (Michael) Muaremov	15,501	15,501
Maurice Lisle Potter	1,501	1,501
	74,707	**74,707**

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 key management or related parties other than those described above.

Note 22. Community Enterprise Foundation™

The Community Enterprise Foundation™ (CEF) is the philanthropic arm of the Bendigo and Adelaide Bank Group to which Community Bank branches can make financial contributions. These contributions made by the company are included in the charitable donations and sponsorship expenditure in the Statement of Profit or Loss and Other Comprehensive Income.

During the current financial year, the company did not make any contributions to the foundation.

Note 23. Events after the reporting period

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. 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 6/52-62 Old Princes Highway, Beaconsfield, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2019: 100%).

Note 26. Commitments

(a) Operating lease commitments

	2020 $	2019 $
Payable:		
- no later than 12 months	-	43,094
- between 12 months and five years	-	172,378
- greater than five years	-	8,978
Minimum lease payments	**-**	**224,450**

The operating lease is for the business premises a 6/52 Old Princes Highway, Beaconsfield. The lease commenced on 15 September 2014 for a 5 year term, renewable for 2 additional 5 year terms.

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

Note 27. Company details

The registered office and principal place of business is 6/52-62 Old Princes Highway, Beaconsfield, Victoria.

Note 28. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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 9 Financial Instruments as detailed in the accounting policies are as follows:

Note 28. Financial instrument risk (continued)

Specific financial risk exposure and management (continued)

	Note	2020 $	2019 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	89,750	98,128
- Trade and other receivables	6	48,699	52,793
- Financial assets	7	80,144	-
Total financial assets		**218,593**	**150,921**
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	12	76,248	33,275
- Lease Liabilities	14	330,582	-
Total financial liabilities		**406,830**	**33,275**

(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.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 6.

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.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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.

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.

Note 28. Financial instrument risk (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

30 June 2020	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	0.19%	89,750	89,750	-	-
- Trade and other receivables		48,699	48,699	-	-
- Financial assets	1.10%	80,144	80,144	-	-
Total anticipated inflows		**218,593**	**218,593**	**-**	**-**
Financial liabilities					
- Trade and other payables		76,248	76,248	-	-
- Lease Liabilities	4.89%	330,582	28,974	168,078	133,530
Total expected outflows		**406,830**	**105,222**	**168,078**	**133,530**
Net inflow / (outflow) on financial instruments		**(188,237)**	**113,371**	**(168,078)**	**(133,530)**

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	1.00%	98,128	98,128	-	-
- Trade and other receivables		52,793	52,793	-	-
Total anticipated inflows		**150,921**	**150,921**	**-**	**-**
Financial liabilities					
- Trade and other payables		33,275	33,275	-	-
Total expected outflows		**33,275**	**33,275**	**-**	**-**
Net inflow / (outflow) on financial instruments		**117,646**	**117,646**	**-**	**-**

(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.

The primary risks the company is exposed to is interest rate risk and other price risk. The company has no exposure to fluctuations in foreign currency.

<u>Interest rate risk</u>

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.

Note 28. Financial instrument risk (continued)

(c) Market risk (continued)

Interest rate risk (continued)

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

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +/- 1% in market interest rates from year-end rates.

These movements will not have a material impact on the valuation of the company's financial assets and liabilities, nor will they have a material impact on the results of the company's operations.

Directors' declaration

In accordance with a resolution of the Directors of Beaconsfield District Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 40 are in accordance with the *Corporations Act 2001* and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2020 and of the performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

Graeme James Taylor
Director

Signed at Beaconsfield on 30 September 2020.

Independent audit report

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BEACONSFIELD DISTRICT COMMUNITY FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Beaconsfield District Community Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Beaconsfield District Community Financial Services Limited 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 then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Director's Responsibility 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 ability of the Company 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.

Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are 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 users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the 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 our 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 our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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 our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 30 September 2020

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Bendigo Bank