Annual Report 2020

Beaumaris Community Financial Services Limited

ABN 25 100 506 643

Community Bank Beaumaris

Contents

Chair's report

For year ending 30 June 2020

It is with great pleasure that I present the Annual Report of Beaumaris Community Financial Services Limited for the year ended June 2020. As with many small businesses, the year has proved challenging with the company's business being disrupted due to the COVID-19 pandemic and then having to adapt to changes in customer behaviours as well as meeting the restrictions and health and safety requirements consistent with a safe operating environment.

The results for the year ended 30 June 2020 are:

- Our business declined by **5%** to **$143.5M**. Loans declined by 3.4% while our deposits declined by 3.2% and wealth and other products declined by 30%.
- The company reported a Net Profit before Income Tax and Community Investments of **$187,558**, an increase of 70%.
- Earnings per share increased from 9.99 cents in 2019 to **20.65** cents.
- Shareholder equity grew by **13%** to $479,614.
- In total, the company contributed **$69,802** into the local community, bringing the total community contribution since inception to **$515,000**. This figure includes contributions made through Bendigo and Adelaide Bank's charitable arm, the Community Enterprise Foundation

Due to a number of adverse developments, financial year 2019-20 was a difficult year for the company. First, there was a continued decline in loans and deposits at the branch reflecting in part our customers' reaction to the COVID-19 pandemic. Second, there was a fall in the income earned on these banking products as the Reserve Bank of Australia eased monetary policy and interest rates declined. This is likely to continue in the short-term.

The year's profit belies the decline in the profitability of operations of the branch. Of the total reported net profit, $80,000 was received by the company as part of the Federal Government's Cash Flow Boost program. Without this, the profit would have been significantly less and as a result, the Board has made the difficult decision not to pay a dividend this year.

Staff

As with the financial results, the staff faced a difficult year and for a period of time the branch was without a manager. Moreover, the onset and increasing severity of COVID-19 has meant that the staff and customers have had to adapt to the new operating environment of social distancing, hand sanitising, limiting customer numbers and more recently, the compulsory wearing of face masks.

During the year, our previous Branch Manager, Lew Rimington, resigned after more than three and a half years at the branch. During his time Lew built a strong team, presided over significant business growth and developed some deep and significant contacts with the local community. I'd like to thank Lew for his contribution and wish him and his family all the best in their future endeavours.

Chair's report (continued)

After a comprehensive search, the Board appointed Alexandria McDowall as the new Branch Manager in mid-January 2020. Alexandria has an extensive career in banking and looks forward to building strong relationships with customers and the community.

I would like to thank the branch team consisting of Alexandria McDowall, Robert Pastorello, Sharan Talbot, Rebecca Pettigrew, Thomas Caldwell and Diana Mete for all their hard work and especially for providing a safe and friendly service to our customers and the community.

Directors

Chris Shaw resigned from the Board as a director and Chair in February due to ill health. Chris first joined the Board in April 2013 and was Chair form July 2015 until his resignation. Chris was instrumental in developing both the branch's business and community activities. Chris had deep connections with a large and diverse range of local community groups and was active in the wider Community Bank network throughout Victoria. Chris provided great leadership to Board members and branch staff and was always willing to try something new to support the branch. On behalf of the Board I'd like to thank Chris for his commitment to the company and the community banking model and wish him and his family all the very best for the future.

This year we appointed Brad Cornwell to the Board. Brad is a local resident with over 30 years of banking experience across the eastern states of Australia. I would like to thank the current Board members, Janina Puttick, Irena Peoples, Darren Trew, Anjana Bhatt, Craig Tucker and Brad Cornwell for their contributions throughout the year. In addition, I'd also like to thank Kate Pease, Elizabeth Button and Calvin D'Couto for their assistance. Calvin has recently joined the Board as a director.

The Future

As part of our ongoing commitment to the community, this year the company contributed $69,802 to a wide range of sporting, cultural, service and educational organisations as well as setting aside an amount for future years. The company is proud of its ability to provide support during this difficult time and this was only possible due to the strong financial reserves built up over recent years.

If your company is to continue to support local organisations while at the same time providing dividends, then it is imperative that the community gets behind Alexandria and her team and looks to the better big bank for banking, wealth and insurance services.

Our profits are generated locally and support local community organisations. This unique business model makes an important contribution to the richness of life in our community and helps build resilience. We may not be able to influence events affecting our society but what we can do by working together, is improve the prosperity of our wonderful bayside community.

Peter Demura
Chair

Manager’s report

For year ending 30 June 2020

I am pleased to present the Manager’s report for Community Bank Beaumaris.

Since being appointed Branch Manager in January 2020, I have been extremely impressed by the high level of support from the staff, our Board, our community groups and also our shareholders.

The past financial year has had a number of challenges and hurdles for us to overcome, including reduced interest rates, more aggressive competition, and of course the impact beginning in March of the COVID-19 pandemic. The pandemic and the lockdown rules imposed as a result have reduced our foot traffic, and caused both our deposits and lending business to decline.

Fortunately, we have been able to consistently connect with our local community, local businesses and our sponsored groups, and this will reshape our business moving forward.

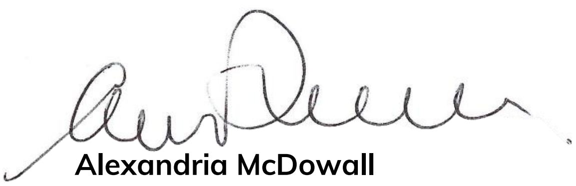
Our focus is to continue to provide excellent customer service and grow our business so we can continue to support our shareholders and community groups. We are working together to build our skills to ensure we have a successful team and build the growth in our business for the future.

I would like to take this opportunity to thank our local Board of Directors for their continued support, they work tirelessly with our community partners, clubs and not-for-profit organisations. I have been fortunate enough to get to know our directors over the last eight months, and I look forward to the outcomes we can achieve together for Community Bank Beaumaris and our local community.

I would like to take this opportunity to thank our immediate past Chair, Chris Shaw, whose passion and drive to make Community Bank Beaumaris a success story is nothing short of amazing. We wish Chris all the very best for the future. I would also like to thank our current Chair, Peter Demura, for his support, his passion and his expertise, and the care he has shown over the past eight months – it is extremely appreciated.

I would like to thank the Beaumaris Branch Team for their resilience, patience during these hard times, but more importantly their passion for our customers whilst we stayed “Open for Business”.

To the Beaumaris shareholders, community, customers and Board, I would like to express my appreciation and gratitude to all for your enduring support.



Alexandria McDowall
Branch Manager
Community Bank Beaumaris

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 Community Enterprise 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.

Bendigo and Adelaide Bank report (cont.)

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

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

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

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors’ report

For year ending 30 June 2020

The directors present their report on Beaumaris Community Financial Services Limited for the financial year ended 30 June 2020.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	**Appointed/Resigned**
Chris Shaw	Resigned on 4 February 2020
Peter Demura	
Darren Trew	
Irena Peoples	
Janina Puttick	
Anjana Bhatt	
Craig Tucker	
Brad Cornwell	Appointed on 3 March 2020

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on directors

The names and details of each person who has been a director during the year and to the date of this report are:

Chris Shaw	Resigned on 4 February 2020
Position:	Chairperson and Director until 4 February 2020
Qualifications:	B.Comm, Grad Dip Bus Admin
Experience and expertise:	Many years experience in the fashion industry, initially in manufacturing and then import/distribution. Board member since 2013.

Peter Demura	
Position:	Deputy Chair until 3 March 2020, Chairperson from 3 March 2020, Director
Qualifications:	MBA, MAppFin, GAICD, B. Comm [Hons]
Experience and expertise:	Strategy, Economics and Risk Consultant. Previously held key management roles in Rio Tinto, DDM Capital , PwC and BHP Billiton. Board member since 2016.

Darren Trew	
Position:	Treasurer, Director
Qualifications:	Bachelor of Economics and Commerce, FCA
Experience and expertise:	Principal in a professional accounting and tax practice for many years. Board member since 2018.

Irena Peoples	
Position:	Secretary, Director
Qualifications:	B Sci / B Eng [Hons], Master of Global Automotive and Manufacturing Engineering
Experience and expertise:	Irena is a Mechanical Engineer experienced in Project Management, who runs her own business advising importers of whitegoods about registering for an Australian Energy or Water Efficiency Label. Board member since 2017. Irena is currently also Company Secretary for Ormond-McKinnon Community Enterprises Ltd (operators of Community Bank Ormond-McKinnon).

Directors' report (continued)

Directors

Janina Puttick	
Position:	Director, Bookkeeper
Qualifications:	BSc (Chemistry), BBs (Accounting), CPA
Experience and expertise:	Accounting and business administration, Director of Maximum Business Solutions Pty Ltd, Australasian Learning Institute Pty Ltd and Great Barrier Pty Ltd. Board member since 2016.
Anjana Bhatt	
Position:	Director
Qualifications	BA(Hons) Arts, BA(Hons) Law, Admitted to practice as a solicitor in both England, and Victoria, Australia
Experience and expertise:	Anjana has a career spanning more than 25 years as a corporate lawyer in investment banking. She has substantial expertise in corporate commercial law and in particular financial derivatives and has practiced in a number of jurisdictions. Board member since 2018.
Craig Tucker	
Position:	Director
Qualifications:	FAICD, Master of Theology, Grad Cert Transport & Distribution, Diploma in Public Administration, Associate Diploma in Management, Diploma in Project Management
Experience and expertise:	Senior management roles, currently Chief Information Officer at The Salvation Army, Fellow at the Australian Institute of Company Directors. Board member since 2018.
Brad Cornwell	
Position:	Director
Qualifications:	BE Ec GradDip Appl Fin & Inv, Dip.Bus(Gov) FICDA
Experience and expertise:	Currently Regional Manager Commercial / Business Banking for Victoria South and Gippsland with Bendigo and Adelaide Bank. Brad has over 30 years of banking experience across the eastern states of Australia, with extensive experience in team leadership, credit risk and governance, sales and coaching.

Company Secretary

The Company Secretary is Irena Peoples. Irena has held the position of Company Secretary of Beaumaris Community Financial Services Limited since 2018. Irena is also Company Secretary for Ormond-McKinnon Community Enterprises Ltd (operators of the Community Bank Ormond-McKinnon).

Principal activities

The principal activity of Beaumaris Community Financial Services Limited during the financial year was providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

The profit of the Company after providing for income tax amounted to $ 120,742 (2019: $ 58,437).

Directors' report (continued)

Review of operations

A review of the operations of the Company during the financial year and the results of those operations show that the profit of the Company before income tax and Government Stimulus revenue was $ 41,504 (2019: $ 63,112). The Company recognised Government Stimulus revenue of $76,252 for the year which includes an amount of $ 38,126 which relates to accrued Cashflow Boost which will be received between July 2020 and September 2020 in accordance with AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance'. This resulted a profit before income tax of $ 117,756 which shows an increase in profits compared to the prior year. This result is further driven by a net decrease in expenses of $ 6,689 due to adoption of the new leasing accounting standard AASB 16 Leases. Adoption of AASB 16 increased depreciation by $ 54,648 and interest expense by $ 5,903 while it removed rent expenses of $ 48,232 and IT and ATM equipment lease charges of $ 19,008.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Dividends paid or recommended

The Finance committee recommended a 5 cent dividend per share to be paid from profits for the year ended 30 June 2019. The dividend was 100% unfranked and approved by the Board on 6 August 2019 to all shareholders registered as at the record date of 24 September 2019. Dividend payable balance as at 30 June 2020 was $ 3,350.

Events after the reporting date

The directors believe that the rapid escalation of COVID-19 and stage 4 government restrictions may adversely affect the operations of the business. At this stage specific details of the impact of the escalation and government restrictions have not yet been determined.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments and results

The Company will continue its policy of facilitating banking services to the community.

Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Benefits received directly or indirectly by officers

Other than detailed below, no directors has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

KMP related party transactions

The Company undertook the following transactions with:

- Key management personnel (KMP)
- A close member of the family of that person, or
- An entity over which the key management person or family member has, directly or indirectly, control, joint control or significant influence,

during the reporting period.

Transactions during the year

Transaction type	Name of KMP	Amount $
Bookkeeping services	Janina Puttick	11,248
Board Assistant services	Irena Peoples	7,301

Community Bank Directors' Privileges Package

Beaumaris Community Financial Services Limited has accepted the Community Bank Directors Privileges package. The package is available to all directors having served 12 months, who can elect to avail themselves of the benefits based on their personal banking with Community Bank Beaumaris. There is no requirement to own Bendigo and Adelaide Bank Limited shares. The package generally mirrors the benefits currently available to Bendigo and Adelaide shareholders. The Directors have estimated the total benefits received from the Directors' Privileges Package to be $ 450 for the year ended 30 June 2020 (2019: $ 0).

Key management personnel shareholdings

The number of ordinary shares in Beaumaris Community Financial Services Limited held by each key management person of Beaumaris Community Financial Services Limited during the financial year is as follows:

30 June 2020	Balance at beginning of year	On exercise of options	Other changes during the year	Balance at end of year
Directors				
Chris Shaw (Resigned on 4 February 2020)	5,000	-	-	5,000
Irena Peoples	-	-	-	-
Peter Demura	-	-	-	-
Janina Puttick	-	-	-	-
Anjana Bhatt	-	-	-	-
Darren Trew	1,000	-	-	1,000
Craig Tucker	-	-	-	-
Brad Cornwell	1,000	-	-	1,000
KMP				
Lewis Rimington (ceased employment on 25th October 2019)	4,000	-	-	4,000
Alexandria McDowall (from 15 January 2020)	-	-	-	-
	11,000	-	-	**11,000**

Directors' report (continued)

30 June 2019	Balance at beginning of year	On exercise of options	Other changes during the year	Balance at end of year
Directors				
Chris Shaw	5,000	-	-	5,000
Irena Peoples	-	-	-	-
Peter Demura	-	-	-	-
Janina Puttick	-	-	-	-
Anjana Bhatt	-	-	-	-
Darren Trew	1,000	-	-	1,000
Craig Tucker	-	-	-	-
Paul Widdis	-	-	-	-
KMP				
Lewis Rimington	4,000	-	-	4,000
	10,000	-	-	10,000

Meetings of directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

	Board	
	Directors' Meetings	
	Number eligible to attend	Number attended
Chris Shaw (Resigned on 4 February 2020)	7	6
Peter Demura	12	10
Darren Trew	12	11
Irena Peoples	12	12
Janina Puttick	12	6
Anjana Bhatt	12	11
Craig Tucker	12	10
Brad Cornwell	5	3

Indemnification and insurance of officers and auditors

The Company has indemnified all directors and the manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as directors or manager of the Company except where the liability arises out of conduct involving the lack of good faith. The Company also has Officers insurance for the benefit to 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 or a related body corporate.

Proceedings on behalf of Company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* 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.

Directors' report (continued)

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are set out in the notes to the accounts.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2020 has been received and can be found on the next page of this report.

Signed in accordance with a resolution of the Board of Directors:

Chair: ....
Peter Demura

Dated 21 September 2020

Auditor’s Independence Declaration

Ashfords Audit & Assurance Pty Ltd
ABN 52 138 965 241
Suite 5, 14 Garden Blvd, Dingley VIC 3172
PO Box 1462, Clayton South VIC 3169
(03) 9551 2822
info@ashfords.com.au

Beaumaris Community Financial Services Limited

ABN: 25 100 506 643

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Beaumaris Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Ashfords Audit and Assurance

Ashfords Audit and Assurance Pty Ltd
Chartered Accountants

Ryan H. Dummett
Director

23 September 2020

Suite 5,14 Garden Boulevard, Dingley VIC 3172

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For year ending 30 June 2020

	Note	2020 $	2019 $
Revenue	5	717,780	755,691
Government stimulus income	5	76,252	-
Employee benefits expense		(390,822)	(422,373)
Depreciation and amortisation expense	6	(76,168)	(21,969)
Advertising and marketing		(12,039)	(16,774)
Occupancy expenses		(18,828)	(65,991)
IT Expenses		(19,810)	(35,028)
Professional fees		(27,588)	(28,076)
Bad debts expense		(1,972)	(142)
Insurance		(15,411)	(13,377)
Charitable donations and sponsorships		(69,802)	(46,912)
Other operating expenses		(37,933)	(41,937)
Finance expenses		(5,903)	-
Profit before income tax		117,756	63,112
Income tax expense	7	2,986	(4,675)
Profit after income tax		120,742	58,437
Total comprehensive income for the year		120,742	58,437

Earnings per share for profit attributable to the ordinary shareholders of the Company:		**¢**	**¢**
Basic earnings per share	**19**	**20.65**	**9.99**

Government stimulus income includes an amount of $ 38,126 which relates to accrued Cashflow Boost which will be received between July 2020 and September 2020 in accordance with AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance'. Refer to the Review of Operations section in the Directors' Report for commentary on the impact of the recognition of Government Stimulus revenue on the profit for the year, and also to Note 3(c) in the notes to the financial statements for details of the accounting policy in relation to Government Stimulus Revenue such as Cashflow Boost.

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

Financial Statements (continued)

Statement of Financial Position

For year ending 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	370,489	125,471
Trade and other receivables	9	98,852	69,053
Financial assets	10	30,574	206,778
Other assets	11	6,156	5,565
TOTAL CURRENT ASSETS		506,071	406,867
NON-CURRENT ASSETS			
Property, plant and equipment	12	204,013	81,104
Deferred tax assets	17	58,508	19,746
Intangible assets	13	24,675	35,693
TOTAL NON-CURRENT ASSETS		287,196	136,543
TOTAL ASSETS		793,267	543,410
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	54,277	50,328
Lease liabilities	15	64,663	-
Employee benefits	16	17,581	15,458
TOTAL CURRENT LIABILITIES		136,521	65,786
NON-CURRENT LIABILITIES			
Trade and other payables	14	12,826	25,653
Deferred tax liabilities	17	51,447	15,671
Lease liabilities	15	98,734	-
Employee benefits	16	14,125	11,948
TOTAL NON-CURRENT LIABILITIES		177,132	53,272
TOTAL LIABILITIES		313,653	119,058
NET ASSETS		479,614	424,352
EQUITY			
Issued capital	18	526,103	526,103
Accumulated losses		(46,489)	(101,751)
		479,614	424,352
TOTAL EQUITY		479,614	424,352

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

Financial Statements (continued)

Statement of Changes in Equity

For year ending 30 June 2020

2020

	Ordinary Shares $	Accumulated losses $	Total $
Balance at 1 July 2019	526,103	(101,751)	424,352
Adjustment due to adoption of AASB 16	-	(38,020)	(38,020)
Adjusted Balance at 1 July 2019	526,103	(139,771)	386,332
Profit attributable to members of the entity	-	120,742	120,742
Dividends provided for or paid	-	(27,460)	(27,460)
Balance at 30 June 2020	526,103	(46,489)	479,614

2019

	Ordinary Shares $	Accumulated losses $	Total $
Balance at 1 July 2018	526,103	(135,574)	390,529
Profit attributable to members of the entity	-	58,437	58,437
Dividends provided for or paid	-	(24,614)	(24,614)
Balance at 30 June 2019	526,103	(101,751)	424,352

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form part of these financial statements

Financial Statements (continued)

Statement of Cash Flows

For year ending 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		835,909	823,023
Payments to suppliers and employees		(677,745)	(762,273)
Interest received		793	198
Net cash provided by/(used in) operating activities	27	158,957	60,948
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment		(1,346)	(1,625)
Payment of investments		(1,198)	(30,052)
Proceeds from sale of investments		177,402	-
Net cash used by investing activities		174,858	(31,677)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividend paid		(27,460)	(21,264)
Proceeds/(repayment) of lease		(61,337)	-
Net cash used by financing activities		(88,797)	(21,264)
Net increase/(decrease) in cash and cash equivalents held		245,018	8,007
Cash and cash equivalents at beginning of year		125,471	117,464
Cash and cash equivalents at end of financial year	8	370,489	125,471

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ending 30 June 2020

The financial report covers Beaumaris Community Financial Services Limited as an individual entity. Beaumaris Community Financial Services Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Beaumaris Community Financial Services Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 8 September 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Change in Accounting Policy

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases is recognised in the statement of profit or loss on a straight line basis.

Notes to the financial statements (cont.)

2 Change in Accounting Policy

Impact of adoption of AASB 16

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of $ 495,339, accumulated depreciation of $ 308,626, lease liabilities of $ 224,733 and an adjustment to accumulated losses of $ 38,020 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 3.00%.

3 Summary of Significant Accounting Policies

(a) Economic dependence

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at Beaumaris, Victoria.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The Company manages the Community Bank branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(a) Economic dependence

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:

- design, layout and fit out of the Community Bank branch;
- training for the Branch Manager 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
- sales techniques and proper customer relations.

(b) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income is comprised of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(c) Revenue and other income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The revenue recognition policies for the principal revenue streams of the Company are:

Revenue calculation

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the Community Bank model, known as 'Project Horizon'. This was conducted in consultation with the community banking network. The objective of the review was to develop a shared vision of the Community Bank model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This included changes to the financial return for Community Bank companies from 1 July 2016. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products is through margin share. Margin on core banking products is shared on a 50/50 basis.

The franchise agreement provides that three forms of revenue may be earned by the Company - margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the Company earns on different types of products and services.

The revenue earned by the Company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the Company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(c) Revenue and other income

Margin

Margin is arrived at through the following calculation:

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

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both mean the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

For those products and services on which margin is paid, the Company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the Company incurs a share of that loss.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This also included Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these became margin products from 1 July 2016.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the Company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the Company receives on a particular product or service. The effect of the change on the revenue earned by the Company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the Company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the Company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the Company 30 days notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(c) Revenue and other income

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between Community Bank companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the Community Bank model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

As discussed above in relation to Project Horizon, among other things, there were changes in the financial return for Community Bank companies from 1 July 2016. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

Gain on disposal of non current assets

When a non-current asset is disposed, the gain or loss is calculated by comparing proceeds received with its carrying amount and is taken to be profit or loss.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Government Stimulus Revenue Cashflow Boost

Cashflow boost is a stimulus measure announced by the Australian Government in response to the COVID-19 pandemic. Both the 'initial cash flow boost' and 'additional cash flow boost' were identified as a waiver of the PAYG liability and were recognised as grant income under *IAS 20 Accounting for Government Grants and Disclosure of Government Assistance*. Government stimulus revenue is recognised in the profit or loss when there is reasonable assurance that all of the necessary conditions will be met to receive the stimulus and the funds will be received.

In the case of Cashflow Boost, the Company was entitled to receive 3 further instalments in July, August and September 2020 which equate to $38,126 in total. The only conditions necessary to receive this income were:

1. that the Company remained solvent (given that the financial report is prepared on a going concern basis this assumption is valid),
2. the Buisness Acitivty Statements for the September 2020 quater are lodged (these are a mere administrative formality and would not preclude the Company from receiving the stimulus) and
3. the Company remains registered for PAYG until the stimulus is received.

Therefore the Cashflow Boost instalments receivable between July to September 2020 were recognised as income in the 2020 financial year as it was reasonable to expect that the funds would be received and it was probable that the Company will comply with the conditions required to receive the funds.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(e) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment is depreciated on a reducing balance and cost basis over the asset's useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life on a straight-line basis.

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

Furniture, Fixtures and Fittings	10%-30%
Office Equipment	15%-30%
Leasehold improvements	6.25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows which are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(g) Financial instruments

Financial assets

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or

- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost is determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(h) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless of indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(h) Impairment of non-financial assets

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(i) Intangibles

Franchise Fees

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight-line basis over the life of franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight-line basis over the life of franchise agreement.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(k) Leases

For comparative year

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(k) Leases

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset, i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition is comprised of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whenever there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(l) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(m) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Notes to the financial statements (cont.)

3 Summary of Significant Accounting Policies

(n) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Provisions for dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(o) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

(p) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(r) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company except as detailed in Note 2.

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the financial statements (cont.)

4 Critical Accounting Estimates and Judgments

Key judgment income tax

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

5 Revenue and Other Income

	2020 $	2019 $
Revenue from contracts with customers (at a point in time)		
- provision of services	716,987	753,767
Finance income		
- Interest received	793	1,924
Other revenue		
- Government stimulus income - Cashflow boost	76,252	-
Total Revenue	794,032	755,691

6 Result for the Year

The result for the year includes the following specific expenses:

	2020 $	2019 $
Other expenses:		
Depreciation expenses		
- Plant & equipment	2,691	3,156
- Leasehold improvements	7,811	7,794
- Right-of-Use assets	54,648	-
Amortisation expense		
- Franchise fee	11,018	11,019
	76,168	21,969
Impairment of receivables:		
- Bad debts expense	1,972	142
Total impairment of receivables	1,972	142

Notes to the financial statements (cont.)

7 Income Tax Expense

(a) The major components of tax expense (benefit) comprise:

	2020 $	2019 $
Current tax expense (benefit)		
Current tax expense	13,231	23,279
Recoupment of prior year tax losses	(13,231)	(23,279)
Deferred tax expense		
Origination and reversal of temporary differences	14,444	20,386
Recognition of previously unrecognised tax losses	(6,975)	(15,711)
Impact of adopting AASB 16	(10,455)	-
Total income tax expense/(benefit)	(2,986)	4,675

(b) Reconciliation of income tax to accounting profit:

	2020 $	2019 $
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2019: 27.5%)	32,383	17,356
Add:		
Tax effect of:		
- non-deductible depreciation and amortisation	3,030	3,030
	35,413	20,386
Less:		
Tax effect of:		
- Recognition of tax losses not recognised in prior period	6,975	15,711
- non-taxable income	20,969	-
- Impact of adopting AASB 16	10,455	-
Income tax expense	(2,986)	4,675
Weighted average effective tax rate	3%	8%

The decrease in the weighted average effective tax rate for 2020 is a result of utilising tax losses not previously recognised, non-taxable income of government stimulus revenue and permanent difference arisen due to adoption of AASB 16- Leases.

8 Cash and Cash Equivalents

	2020 $	2019 $
Cash on hand	34	61
Bank balances	193,053	125,410
Short-term deposits	177,402	-
	370,489	125,471

Notes to the financial statements (cont.)

9 Trade and Other Receivables

	2020 $	2019 $
CURRENT		
Trade receivables	58,206	67,253
Provision for impairment	-	-
	58,206	67,253
Deposits	1,800	1,800
Government subsidies receivable	38,846	-
Total current trade and other receivables	98,852	69,053

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

10 Financial Assets

Financial assets at amortised cost

	2020 $	2019 $
CURRENT		
Term deposits	30,574	206,778
	30,574	206,778

11 Other Assets

	2020 $	2019 $
CURRENT		
Prepayments	6,156	5,565
	6,156	5,565

Notes to the financial statements (cont.)

12 Property, plant and equipment

	2020 $	2019 $
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	15,588	15,588
Accumulated depreciation	(14,701)	(14,556)
Total furniture, fixtures and fittings	887	1,032
Office equipment		
At cost	90,976	89,629
Accumulated depreciation	(81,024)	(78,478)
Total office equipment	9,952	11,151
Leasehold Improvements		
At cost	124,970	124,970
Accumulated amortisation	(63,860)	(56,049)
Total leasehold improvements	61,110	68,921
Total plant and equipment	71,949	81,104
RIGHT-OF-USE		
Right-of-Use - Buildings		
At cost	407,185	-
Accumulated depreciation	(317,728)	-
Total Right-of-Use - Buildings	89,457	-
Right-of-Use - Plant and Equipment		
At cost	17,146	-
Accumulated depreciation	(8,859)	-
Total Right-of-Use - Plant and Equipment	8,287	-
Right-of-Use - Computer Equipment		
At cost	71,007	-
Accumulated depreciation	(36,687)	-
Total Right-of-Use - Computer Equipment	34,320	-
Total right-of-use	132,064	-
Total property, plant and equipment	204,013	81,104

Notes to the financial statements (cont.)

12 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Furniture, Fixtures and Fittings $	Office Equipment $	Leasehold Improvements $	Right-of-Use - Buildings $	Right-of-Use - Plant and Equipment $	Right-of-Use - Computer Equipment $	Total $
Year ended 30 June 2020							
Balance at the beginning of year	1,032	11,151	68,921	-	-	-	81,104
Additions	-	1,347	-	-	-	-	1,347
Due to adoption of AASB 16	-	-	-	126,475	11,716	48,521	186,712
Depreciation expense	(145)	(2,546)	(7,811)	(37,018)	(3,429)	(14,201)	(65,150)
Balance at the end of the year	887	9,952	61,110	89,457	8,287	34,320	204,013

	Furniture, Fixtures and Fittings $	Office Equipment $	Leasehold Improvements $	Right-of-Use - Buildings $	Right-of-Use - Plant and Equipment $	Right-of-Use - Computer Equipment $	Total $
Year ended 30 June 2019							
Balance at the beginning of year	1,202	12,511	76,715	-	-	-	90,428
Additions	-	1,625	-	-	-	-	1,625
Depreciation expense	(170)	(2,985)	(7,794)	-	-	-	(10,949)
Balance at the end of the year	1,032	11,151	68,921	-	-	-	81,104

13 Intangible Assets

	2020 $	2019 $
Franchise fee		
Cost	112,779	112,779
Accumulated amortisation and impairment	(88,104)	(77,086)
Net carrying value	24,675	35,693
Total Intangibles	24,675	35,693

Notes to the financial statements (cont.)

13 Intangible Assets

(a) Movements in carrying amounts of intangible assets

	Franchise fee $	Total $
Year ended 30 June 2020		
Balance at the beginning of the year	35,693	35,693
Amortisation	(11,018)	(11,018)
Closing value at 30 June 2020	**24,675**	**24,675**

	Franchise fee $	Total $
Year ended 30 June 2019		
Balance at the beginning of the year	46,712	46,712
Amortisation	(11,019)	(11,019)
Closing value at 30 June 2019	35,693	35,693

14 Trade and Other Payables

Trade and other payables are unsecured, non interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

	2020 $	2019 $
Current		
Trade payables	10,058	9,555
GST payable	16,062	4,050
Accrued expense	5,350	9,339
Other payable	6,631	11,208
Franchise fee payable	12,826	12,826
Dividend payable	3,350	3,350
	54,277	50,328

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

	2020 $	2019 $
Non-Current		
Franchise fee payable	12,826	25,653
	12,826	25,653

Notes to the financial statements (cont.)

15 Lease Liabilities

	2020 $	2019 $
CURRENT		
Lease liabilities	64,663	-
Total	64,663	-

	2020 $	2019 $
NON-CURRENT		
Lease liabilities	98,734	-
Total	98,734	-

16 Employee Benefits

	2020 $	2019 $
Current liabilities		
Provision for annual leave	17,581	15,458
	17,581	15,458
Non-current liabilities		
Provision for long service leave	14,125	11,948
	14,125	11,948

17 Tax assets and liabilities

Current Tax Liability

	2020 $	2019 $
Income tax payable	13,231	23,279
Recoupment of prior year tax losses	(13,231)	(23,279)
Current tax liabilities	-	-

Deferred Tax Assets

	Opening Balance $	Charged to Income $	Closing Balance $
Deferred tax assets			
Provisions - employee benefits	5,384	2,153	7,537
Unused tax losses	17,209	(7,568)	9,641
Accruals	1,375	1,193	2,568
Balance at 30 June 2019	23,968	(4,222)	19,746
Provisions - employee benefits	7,537	1,182	8,719
Unused tax losses	9,641	(6,257)	3,384
Accruals	2,568	(1,097)	1,471
Lease liabilities	-	44,934	44,934
Balance at 30 June 2020	19,746	38,762	58,508

Notes to the financial statements (cont.)

17 Tax assets and liabilities

Deferred Tax Liabilities

	Opening Balance $	Charged to Income $	Closing Balance $
Deferred tax liability			
Property, plant and equipment	14,221	(81)	14,140
Prepayments	997	534	1,531
Balance at 30 June 2019	15,218	453	15,671
Property, plant and equipment	14,140	(704)	13,436
Prepayments	1,531	162	1,693
Right- to-use assets	-	36,318	36,318
Balance at 30 June 2020	15,671	35,776	51,447

18 Issued Capital

	2020 $	2019 $
584,559 (2019: 584,559) Ordinary shares fully paid	584,559	584,559
Less: Equity raising costs	(58,456)	(58,456)
Total	526,103	526,103

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

Capital Management

The key objectives of the Company when managing capital are to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

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 has been no change to capital risk management policies during the year.

Notes to the financial statements (cont.)

19 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

	2020 $	2019 $
Profit from continuing operations	120,742	58,437
Earnings used to calculate basic EPS from continuing operations	120,742	58,437

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2020 No.	2019 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	584,559	584,559

20 Dividends paid or provided for on ordinary shares

	2020 $	2019 $
The following dividends were declared and paid:		
Final unfranked ordinary dividend of 5 (2019: 5) cents per share	27,460	24,614
Total	27,460	24,614

Dividends declared or paid during the year were 100% unfranked.

21 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Beaumaris Community Financial Services Limited during the year are as follows:

	2020 $	2019 $
Short-term employee benefits	76,253	95,000
Post-employment benefits	6,973	1,578
	83,226	96,578

22 Capital and Leasing Commitments

(a) Leases

	2020 $	2019 $
Minimum lease payments:		
- not later than one year	68,687	-
- between one year and five years	100,986	-
Minimum lease payments	169,673	-
Less: finance changes	6,277	-
Present value of minimum lease payments	175,950	-

Leases are in place for office premises, plant and equipment and computer equipment. The branch office lease is a non-cancellable lease with a six-year term, with rent payable monthly in advance. An option to renew the lease for a further ten years (five year x2) is available. Leases for plant and equipment and computer equipment normally have a term between 1 and 5 years. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

Notes to the financial statements (cont.)

22 Capital and Leasing Commitments

(b) Operating Leases

	2020 $	2019 $
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	49,245
- between one year and five years	-	101,614
	-	150,859

The branch lease is a non-cancellable lease with a six-year term, with rent payable monthly in advance. An option to renew the lease for a further ten years (five year x2) is available. The current lease is to renew in another 3 years and the lease commitment above is represents the estimated lease payable amounts for the next 2 years.

23 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Company is exposed are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Short-term investments
- Trade and other payables
- Lease liabilities

		2020 $	2019 $
Financial assets			
Cash and cash equivalents	8	370,489	125,471
Trade and other receivables (excluding deposits)	9	97,052	67,253
Financial assets at amortised cost	10	30,574	206,778
Total financial assets		498,115	399,502
Financial liabilities			
Trade and other payables		(67,103)	(75,981)
Total financial liabilities		(67,103)	(75,981)

Notes to the financial statements (cont.)

23 Financial Risk Management

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Beaumaris Community Financial Services Limited's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Beaumaris Community Financial Services Limited's activities.

The day-to-day risk management is carried out by Beaumaris Community Financial Services Limited's finance function under policies and objectives which have been approved by the Board of Directors.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

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.

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 below to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The table below reflects the undiscounted contractual maturity analysis for financial liabilities (excluding lease liabilities for the current year - refer to Note 15).

Financial liability maturity analysis - Non-derivative

	Weighted average Interest rate		Within 1 Year		1 to 5 Years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	-	-	54,277	50,328	12,826	25,653	67,103	75,981
Total contractual outflows	-	-	54,277	50,328	12,826	25,653	67,103	75,981

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to the financial statements (cont.)

23 Financial Risk Management

Credit risk

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.

Trade receivables and contract assets

Trade receivables consist of only one customer who is a reputable bank with high quality external credit ratings.

Credit risk exposures

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

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

None of the assets of the Company are past due (2019: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

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

Interest Rate Risk

Financial instrument composition and maturity analysis

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		**Fixed Interest Rate**		**Non-interest Bearing**		**Total**	
	2020 %	**2019 %**	**2020 $**	**2019 $**	**2020 $**	**2019 $**	**2020 $**	**2019 $**
Financial Assets:								
Cash and cash equivalents	0.06	0.10	**370,489**	125,471	**-**	-	370,489	125,471
Term deposits	1.10	2.42	**30,574**	206,778	**-**	-	30,574	206,778
Receivables (excluding deposits)	**-**	-	-	-	97,052	67,253	97,052	67,253
Total Financial Assets			**401,063**	332,249	97,052	67,253	498,115	399,502
Financial Liabilities:								
Trade and sundry payables	**-**	-	-	-	67,103	75,981	67,103	75,981
Total Financial Liabilities	**-**	-	-	-	67,103	75,981	67,103	75,981

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

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

Notes to the financial statements (cont.)

23 Financial Risk Management

Sensitivity analysis

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.25% and -0.25% (2019: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2020		2019	
	+0.25%	**-0.25%**	**+1.00%**	**-1.00%**
	$	**$**	**$**	**$**
Net results	727	(727)	2,409	(2,409)
Equity	727	(727)	2,409	(2,409)

Price risk

The Company is not exposed to any material price risk.

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.

24 Auditors' Remuneration

	2020	2019
	$	**$**
Remuneration of the auditor of the entity for:		
- auditing or reviewing of financial report	5,550	5,150
- preparation of general purpose financial report	2,350	2,150
Total	7,900	7,300

25 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

26 Related Parties

(a) The Company's main related parties are as follows:

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

No remuneration was paid to directors of the Company during the year as the positions are held on a voluntary basis.

Key management personnel - refer to Note 21.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Notes to the financial statements (cont.)

26 Related Parties

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Other than detailed below, no key management personnel or related party has entered into any contracts with the Company. As noted previously, no director fees have been paid as the positions are held on a voluntary basis. During the year, the Company purchased goods and services under normal terms and conditions, from related parties as follows:

	2020 $	2019 $
Janina Puttick (Bookkeeper & Director)		
Bookkeeping services	11,248	12,116
Irena Peoples (Company Secretary and Director)		
Board Assistant services	7,301	5,873

Community Bank Directors' Privileges Package

Beaumaris Community Financial Services Limited has accepted the Community Bank Directors Privileges package. The package is available to all directors having served 12 months, who can elect to avail themselves of the benefits based on their personal banking with Community Bank Beaumaris. There is no requirement to own Bendigo and Adelaide Bank Limited shares. The package generally mirrors the benefits currently available to Bendigo and Adelaide shareholders. The Directors have estimated the total benefits received from the Directors' Privileges Package to be $ 450 for the year ended 30 June 2020 (2019: $ 0).

(c) Key management personnel shareholdings

The number of ordinary shares in Beaumaris Community Financial Services Limited held by each key management personnel of the Company during the financial year is as follows

	2020 $	2019 $
Directors		
Chris Shaw (Resigned on 4 February 2020)	5,000	5,000
Irena Peoples	-	-
Peter Demura	-	-
Janina Puttick	-	-
Anjana Bhatt	-	-
Darren Trew	1,000	1,000
Craig Tucker	-	-
Brad Cornwell	1,000	1,000
Key management		
Lewis Rimington (ceased employment on 25th October 2019)	4,000	4,000
Alexandria McDowall (from 15 January 2020)	-	-

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.

Notes to the financial statements (cont.)

27 Cash Flow Information

(a) Reconciliation of net income to net cash provided by operating activities:

	2020 $	2019 $
Profit for the year	120,742	58,437
Non-cash flows in profit:		
- amortisation	11,019	11,019
- depreciation	65,149	10,950
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(29,799)	(7,331)
- (increase)/decrease in prepayments	(591)	(1,938)
- (increase)/decrease in deferred tax asset and liabilities	(2,986)	4,675
- increase/(decrease) in trade and other payables	(8,877)	(22,691)
- increase/(decrease) in provisions	4,300	7,827
Cashflows from operations	158,957	60,948

28 Segment Reporting

The Company operates in the financial services sector where it provides banking services to its clients. The Company operates in one geographic area being Beaumaris and Black Rock, Victoria. The Company has a franchise agreement in place with Bendigo and Adelaide Bank Limited which accounts for 100% of the revenue (2019: 100%).

29 Events Occurring After the Reporting Date

The financial report was authorised for issue on 21 September 2020 by the Board of Directors.

The directors believe that the rapid escalation of COVID-19 and stage 4 government restrictions may adversely affect the operations of the business. At this stage specific details of the impact of the escalation and government restrictions have not yet been determined.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

30 Statutory Information

The registered office and principal place of business of the Company is:

Beaumaris Community Financial Services Limited
32 East Concourse
Beaumaris VIC 3193

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2020 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the Company;

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

Director ....
Peter Demura

Chair..

Dated 21 September 2020

Ashfords Audit & Assurance Pty Ltd
ABN 52 138 965 241
Suite 5, 14 Garden Blvd, Dingley VIC 3172
PO Box 1462, Clayton South VIC 3169
(03) 9551 2822
info@ashfords.com.au

Beaumaris Community Financial Services Limited

Independent Audit Report to the members of Beaumaris Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Beaumaris 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 the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 financial performance for the year ended; and

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

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Beaumaris Community Financial Services Limited

Independent Audit Report to the members of Beaumaris Community Financial Services Limited

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of 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.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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.

Ashfords Audit and Assurance

Ashfords Audit and Assurance Pty Ltd

Chartered Accountants

Ryan H. Dummett
Director

Suite 5, 14 Garden Boulevard, Dingley VIC 3172
23 September 2020

46

Community Bank Beaumaris
32 East Concourse, Beaumaris VIC 3193
Phone: (03) 9589 5366 Fax (03) 9589 5277
Email: BeaumarisMailbox@bendigobank.com.au

Franchisee:
Beaumaris Community Financial Services Ltd
13 North Concourse, Beaumaris VIC 3193
Phone: (03) 9589 5366 Fax (03) 9589 5277
Email: Secretary@BeaumarisCFS.com
ABN: 25 100 506 643

www.bendigobank.com.au/beaumaris
www.facebook.com/BeaumarisCommunityBankBranch

Share Registry:
Lead Advisory Group
PO Box 30
Bendigo VIC 3552
Phone: (03) 5445 4222
Email: shares@rsdregistry.com.au

(DATE: 10/20)