

# Annual Report 2020

Boorowa Community  
Financial Services Limited

Community Bank  
Boorowa

ABN 76 093 519 094

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# Chair's report

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For year ending 30 June 2020

Boorowa Community Financial Services Limited has enjoyed another successful year. Business levels have grown, and profits have been healthy despite the economic uncertainty we currently face. I congratulate all our wonderful team on these good results.

After 19 years of trading, it would be easy to take for granted the huge contribution our Bank makes to the community. We continue to provide full face-to-face banking services, we continue to employ locals and we continue to put profits back into the community. Employment of staff is regarded as one of the most important ways we can support our community. We currently employ seven people on a permanent basis.

Shareholders received a 20c fully franked dividend for the fourth year in a row. Shareholders are reminded that we operate a Low Volume Market to facilitate share trading. A register of interested buyers and sellers can be found under Trading Shares (LVM) at [www.bendigobank.com.au/public/community/our-branches/Boorowa](http://www.bendigobank.com.au/public/community/our-branches/Boorowa)

Any shareholders interested in serving on the company Board are encouraged to approach a current Board member. Each year, one third of the Board retires which gives an opportunity for new Board members to be elected.

A list of sponsorships, donations and charitable grants is included with this report. We regularly sponsor all our major community events such as Woolfest, Boorowa Show, Boorowa Picnic Races, Carols By Candlelight and International Women's Day.

Looking to the future, the Board will continue to focus on meeting the banking needs of our local community. Plans to open a full bank branch in Yass have been abandoned. The Board is still researching how best we can increase our services to the Yass community. We have appointed a mobile lending officer who is available to all our clients, including the Yass community.

Thank you to all involved in the success of our Community Bank. I acknowledge the valuable contributions made by the Board, our Accountants – Laterals GLP and our business partners – Bendigo and Adelaide Bank Limited. I particularly thank our staff, led by Manager Greg Pryor, for the wonderful day-to day service we all enjoy. Most importantly, I thank shareholders and community members for their ongoing support. Together, we create something bigger than a bank.

I look forward to future success in banking and the rewards it brings to our community.



**Sue Corcoran**  
**Chair**

# Manager's report

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For year ending 30 June 2020

Community Bank Boorowa has achieved another successful year of trading and business growth with our business levels now exceeding \$145 million, an increase of approximately \$5 million on the previous year.

Widespread support for Community Bank Boorowa has enabled the company and Board to return generous returns to both shareholders and the community via dividends, grants, sponsorships and donations.

Community Bank Boorowa also achieved an operating profit of \$516,000, which is a great achievement given what is happening in the economy and indeed the world.

My thanks once again go to Sue and her Board for their support and direction, also to the support from the Bendigo and Adelaide Bank Limited. I must give up a big thanks to the staff for their ongoing commitment towards the success of Community Bank Boorowa.

In an everchanging banking world, your continued support is invaluable, and we will strive to continue to grow our business as we have for the past 19 years.

By supporting the Community Bank Boorowa, everybody benefits.



**Greg Pryor**  
**Branch Manager**

# Community contributions

Sponsorships and donations	
Boorowa Central School	\$900
Boorowa Rugby Club	\$350
Boorowa Show Society	\$5,000
Boorowa Central School	\$50
Boorowa Quick Shear	\$1,350
Boorowa Recreation Club - Fireworks display	\$2,000
Boorowa Rovers RLFC	\$500
Boorowa Ex-Services Men's Bowls	\$1,000
Hilltops Council – Christmas Carols	\$1,000
Hilltops Council – Irish Woolfest	\$5,000
Hilltops Council – International Women's Day	\$2,500
Binalong Progress Association	\$500
Binalong Brahams RLFC	\$500
Braidwood Bushfire Relief	\$5,000
Tumut Bushfire Relief	\$5,000
Yass Show Society	\$200
Yass Picnic Races	\$500
Yass Touch Football Carnival	\$1,000
Yass Irish & Celtic Festival	\$600
<b>Total sponsorships and donations</b>	<b>\$32,950</b>
Grants	
Boorowa Show Society	\$17,865
Boorowa Gun Club	\$4,600
Boorowa Hostel Inc	\$100,000
Boorowa Show Society	\$100,000
Carinya Court Inc	\$5,000
Community of Boorowa – Defibs	\$27,625
Rugby Public Hall & Recreation Reserve	\$4,200
Rye Park Soldiers Memorial Hall	\$3,000
<b>Total grants</b>	<b>\$262,290</b>



# Directors' report

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

## Directors

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

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

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

<b>Sue-Anne Corcoran</b>	
Position	Chairman
Professional qualifications	Bachelor of Pharmacy
Experience and expertise	Local Business Operator for 26 years

<b>Michelle Fahey</b>	
Position	Company Secretary
Professional qualifications	Bachelor of Education in Special Education
Experience and expertise	School Principal

<b>Christine Coble</b>	
Position	Treasurer
Professional qualifications	
Experience and expertise	School Administration

<b>Belinda Reid</b>	
Position	Director and Public Officer
Professional qualifications	Bachelor of Law & Bachelor of Management
Experience and expertise	Small Business Manager/Director

<b>Tim McGrath</b>	
Position	Director
Professional qualifications	
Experience and expertise	Local Farmer

<b>Thomas Corcoran</b>	
Position	Director
Professional qualifications	
Experience and expertise	Farmer, Landholder & Contractor

<b>Phillip Gorham</b>	
Position	Director
Professional qualifications	
Experience and expertise	Shearer & Landowner

# Directors' report (continued)

## Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	A	B
Sue-Anne Corcoran	8	8
Michelle Fahey	8	7
Christine Coble	8	6
Belinda Reid	8	3
Tim McGrath	8	5
Thomas Corcoran	8	6
Phillip Gorham	8	8

A - The number of meetings eligible to attend.

B - The number of meetings attended.

## Company Secretary

Michelle Fahey has been the Company Secretary of Boorowa Community Financial Services Limited since 2004.

## Principal activities

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

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

## Review of operations

The profit of the company for the financial year after provision for income tax was \$294,664 (2019 profit: \$224,031), which is a 31.5% increase as compared with the previous year.

## Dividends

A fully franked final dividend of 0.20 cents per share was declared and paid during the year for the year ended 30 June 2020. No dividend has been declared or paid for the year ended 30 June 2021 as yet.

## Options

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

## Significant changes in the state of affairs

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

## Events subsequent to the end of the reporting period

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

## Likely developments

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



# Directors' report (continued)

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## Environmental regulations

The company is not subject to any significant environmental regulation.

## Indemnifying Officers or Auditor

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

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

## Proceedings on behalf of company

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

## Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 7 of this financial report. No officer of the company is or has been a partner of the Auditor of the company.

## Non-audit services

The Board of Directors are 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 in Note 3 did not compromise the external Auditor's independence for the following reason:

- none of the services undermine the general principles relating to Auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

## Remuneration report

### *Remuneration policy*

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

### *Remuneration benefits and payments*

No Director 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 in which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.



## Directors' report (continued)

### Remuneration report (continued)

#### Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance at 30 June 2020	Balance at 30 June 2019
<b>Directors</b>		
Sue-Ann Corcoran	5,000	5,000
Michelle Fahey (jointly held with spouse)	500	500
Christine Coble (jointly held with spouse)	600	600
Belinda Reid	100	100
Tim McGrath	500	500
Thomas Corcoran	500	500
Phillip Gorham	5,000	3,000
<b>Other key management Personnel</b>		
Greg Pryor	-	-

#### Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Signed in accordance with a resolution of the Board of Directors at Boorowa on 22 September 2020



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**Sue-Anne Corcoran**  
Director

# Auditor's independence declaration

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**Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Boorowa 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 no contraventions of:

- (i) the Auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the review.

Laterals Chartered Accountants



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Tim Allen  
Director

Dated 14 July 2020

# Financial statements

**Boorowa Community Financial Services Limited**  
**ABN 76 096 519 094**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Revenue</b>	2	1,260,696	1,163,717
<b>Expenses</b>			
Employee benefits expense	3	(558,530)	(511,485)
Depreciation and amortisation	3	(25,226)	(28,691)
Finance costs	3	(3)	-
Bad and doubtful debts expense	3	(25)	(33)
Administration and general costs		(10,316)	(14,669)
Occupancy expenses		(22,517)	(50,694)
IT expenses		(23,023)	(25,865)
Advertising and promotion		(10,559)	(15,179)
Insurance costs		(24,217)	(19,420)
Freight and cartage		(16,820)	(17,540)
Other expenses		(53,125)	(44,862)
		<u>(744,361)</u>	<u>(728,439)</u>
<b>Operating profit before charitable donations &amp; sponsorship</b>		<b>516,335</b>	<b>435,278</b>
Charitable donations and sponsorships		<u>(123,050)</u>	<u>(127,140)</u>
<b>Profit before income tax</b>		<b>393,285</b>	<b>308,139</b>
Income tax expense	4	<u>(98,621)</u>	<u>(84,108)</u>
<b>Profit for the year after income tax</b>		<b>294,664</b>	<b>224,031</b>
Other comprehensive income	2	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<b><u>294,664</u></b>	<b><u>224,031</u></b>
Profit attributable to members of the company		294,664	224,031
<b>Total comprehensive income attributable to members of the company</b>		<b><u>294,664</u></b>	<b><u>224,031</u></b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):</b>			
- basic earnings per share	16	76.08	57.84

These financial statements should be read in conjunction with the accompanying notes.

## Financial statements (continued)

**Boorowa Community Financial Services Limited**  
**ABN 76 093 519 094**  
**Statement of Financial Position**  
**as at 30 June 2020**

	Note	2020 \$	2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	2,430,440	1,814,105
Trade and other receivables	6	117,045	113,524
<b>Total current assets</b>		<b>2,547,485</b>	<b>1,927,629</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	277,435	656,179
Intangible assets	8	7,173	18,457
Deferred tax assets	4	26,264	25,064
<b>Total non-current assets</b>		<b>310,872</b>	<b>699,700</b>
<b>Total assets</b>		<b>2,858,357</b>	<b>2,627,329</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	35,430	35,548
Current tax liability	4	13,439	15,885
Provisions	11	88,303	81,776
<b>Total current liabilities</b>		<b>137,172</b>	<b>133,209</b>
<b>Non-current liabilities</b>			
Provisions	11	9,397	13,296
Deferred tax liability	4	22,738	11,101
<b>Total non-current liabilities</b>		<b>32,135</b>	<b>24,397</b>
<b>Total liabilities</b>		<b>169,307</b>	<b>157,606</b>
<b>Net assets</b>		<b>2,689,050</b>	<b>2,469,723</b>
<b>Equity</b>			
Issued capital	12	387,310	387,310
Retained earnings	13	2,240,117	2,022,915
Reserves	15	61,623	59,498
<b>Total equity</b>		<b>2,689,050</b>	<b>2,469,723</b>

These financial statements should be read in conjunction with the accompanying notes.

## Financial statements (continued)

### Boorowa Community Financial Services Limited

ABN 76 093 519 094

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

	Note	Issued capital \$	Retained earnings \$	Reserves \$	Total equity \$
<b>Balance at 1 July 2019</b>		387,310	2,022,915	59,498	2,469,723
<i>Comprehensive income for the year</i>					
Profit for the year		-	294,664	-	294,664
Tax rate adjustments		-	-	2,125	2,125
		-	294,664	2,125	296,789
<i>Transactions with owners in their capacity as owners</i>					
Dividends paid or provided	14	-	(77,462)	-	(77,462)
<b>Balance at 30 June 2020</b>		<b>387,310</b>	<b>2,240,117</b>	<b>61,623</b>	<b>2,689,050</b>
<b>Balance at 1 July 2018</b>		387,310	1,876,345	59,498	2,323,153
<i>Comprehensive income for the year</i>					
Profit for the year		-	224,031	-	224,031
Other comprehensive income for the year		-	-	-	-
		-	224,031	-	224,031
<i>Transactions with owners in their capacity as owners</i>					
Dividends paid or provided	14	-	(77,462)	-	(77,462)
<b>Balance at 30 June 2019</b>		<b>387,310</b>	<b>2,022,915</b>	<b>59,498</b>	<b>2,469,723</b>

These financial statements should be read in conjunction with the accompanying notes.

## Financial statements (continued)

**Boorowa Community Financial Services Limited**  
**ABN 76 093 519 094**  
**Statement of Cash Flows**  
**for the year ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,183,813	1,145,416
Payments to suppliers and employees		(840,336)	(775,536)
Interest received		27,648	33,043
Income tax paid		(88,506)	(106,606)
<b>Net cash flows provided by operating activities</b>	17b	<u>282,619</u>	<u>296,318</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		508,929	374,903
Purchase of property, plant and equipment		(97,750)	-
<b>Net cash flows provided by investing activities</b>		<u>411,179</u>	<u>374,903</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(77,462)	(77,462)
<b>Net cash flows used in financing activities</b>		<u>(77,462)</u>	<u>(77,462)</u>
<b>Net increase in cash held</b>		<b>616,336</b>	<b>593,759</b>
Cash and cash equivalents at beginning of financial year		1,814,104	1,220,346
<b>Cash and cash equivalents at end of financial year</b>	17a	<u><u>2,430,440</u></u>	<u><u>1,814,105</u></u>

These financial statements should be read in conjunction with the accompanying notes.

# Notes to the financial statements

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For year ended 30 June 2020

These financial statements and notes represent those of Boorowa Community Financial Services Limited.

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

The financial statements were authorised for issue by the Directors on 22 September 2020

## 1. Summary of significant accounting policies

### (a) Basis of preparation

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

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

#### *Economic dependency*

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank® branch at Boorowa**.

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

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- Training for the Branch 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
- Sale techniques and proper customer relations.



# Notes to the financial statements (continued)

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

### (b) Impairment of assets

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

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

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

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

### (d) Comparative figures

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

### (e) Critical accounting estimates and judgements

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

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

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

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

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

# Notes to the financial statements (continued)

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

### (e) Critical accounting estimates and judgements (continued)

#### *Employee benefits provision*

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

#### *Income tax*

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

#### *Impairment*

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

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

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019. New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the company include:

#### **(i) AASB 16: Leases**

In the current year, the company has applied AASB 16 Leases, which is effective for annual periods that begin on or after 1 January 2019. AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

### (g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. None of the new and amended pronouncements have been assessed as being relevant to the company at this stage.

## Notes to the financial statements (continued)

### 2. Revenue

	2020 \$	2019 \$
Revenue		
- service commissions	1,099,452	1,124,131
	<u>1,099,452</u>	<u>1,124,131</u>
Other revenue		
- interest received	27,651	33,043
- Government grant income (Cash Flow Boost)	43,482	-
- Gain on disposal of property, plant and equipment	43,735	
- other revenue	46,376	6,543
	<u>161,244</u>	<u>39,586</u>
<b>Total revenue</b>	<b><u>1,260,696</u></b>	<b><u>1,163,717</u></b>

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

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

#### *Rendering of services*

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

#### *Interest, dividend and other income*

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

Dividend and other revenue is recognised when the right to the income has been established.

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

### 3. Expenses

	2020 \$	2019 \$
<b>Profit before income tax includes the following specific expenses:</b>		
Employee benefits expense		
- wages and salaries	509,170	457,902
- superannuation costs	46,732	42,032
- other costs	2,628	11,551
	<u>558,530</u>	<u>511,485</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- buildings	4,049	4,792
- plant and equipment	1,356	1,736
- motor vehicles	8,537	10,879
	<u>13,942</u>	<u>17,407</u>
<i>Amortisation</i>		
- franchise fees	11,284	11,284
	<u>11,284</u>	<u>11,284</u>
<b>Total depreciation and amortisation</b>	<b><u>25,226</u></b>	<b><u>28,691</u></b>

## Notes to the financial statements (continued)

### 3. Expenses (continued)

	2020 \$	2019 \$
Finance costs		
- Interest paid	3	-
Bad and doubtful debts expenses	25	33
Loss on disposal of property, plant and equipment	-	21,491
Auditors' remuneration		
<i>Remuneration of the Auditor, Lateral Chartered Accountants for:</i>		
- Audit or review of the financial report	6,200	6,200
- Taxation services	1,200	1,200
	<u>7,400</u>	<u>7,400</u>

#### *Operating expenses*

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

#### *Borrowing costs*

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

#### *Depreciation*

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Buildings	3%	Diminishing value
Plant and equipment	10-40%	Diminishing value
Motor vehicles	25%	Diminishing value

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

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

## Notes to the financial statements (continued)

### 4. Income tax

	2020 \$	2019 \$
<b>a. The components of tax expense comprise:</b>		
Current tax expense	86,059	92,223
Deferred tax expense	2,920	(8,115)
Recoupment of prior year capital losses	9,642	-
	<u>98,621</u>	<u>84,108</u>
<b>b. Prima facie tax payable</b>		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2018: 27.5%)	108,153	84,738
Add tax effect of:		
- Movement in prepayments and accruals	(22,094)	7,485
<b>Income tax attributable to the entity</b>	<u>86,059</u>	<u>92,223</u>
The applicable weighted average effective tax rate is:	-25.08%	-27.30%
<b>c. Current tax liability</b>		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	15,885	30,268
Income tax paid	(88,506)	(106,606)
Current tax	86,059	92,223
Under / (over) provision prior years	-	-
	<u>13,439</u>	<u>15,885</u>
<b>d. Deferred tax asset / liability</b>		
Deferred tax relates to the following:		
<b>Deferred tax assets comprise:</b>		
Accruals	(603)	(2,032)
Employee provisions	26,867	27,096
	<u>26,264</u>	<u>25,064</u>
<b>Deferred tax liabilities comprise:</b>		
Property, plant & equipment	22,738	11,101
	<u>22,738</u>	<u>11,101</u>
<b>Net deferred tax asset / liability</b>	<u>3,526</u>	<u>13,963</u>
<b>e. Deferred income tax included in income tax expense comprises:</b>		
Decrease / (increase) in deferred tax assets	(1,201)	(1,990)
(Decrease) / increase in deferred tax liabilities	11,637	(6,125)
Under / (over) provision prior years	2,125	-
	<u>12,562</u>	<u>(8,115)</u>



## Notes to the financial statements (continued)

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### 4. Income tax (continued)

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

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

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

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

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

## Notes to the financial statements (continued)

### 5. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	250,679	21,832
Short-term bank deposits	2,179,761	1,792,273
	<u>2,430,440</u>	<u>1,814,105</u>

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

### 6. Trade and other receivables

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables	109,115	106,283
Other receivables	7,930	7,241
	<u>117,045</u>	<u>113,524</u>

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

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

#### Credit risk

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

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



## Notes to the financial statements (continued)

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

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
	\$	\$	< 30 days \$	31-60 days \$	> 60 days \$	\$
<b>2020</b>						
Trade receivables	109,115	109,115	-	-	-	-
Other receivables	7,930	7,930	-	-	-	-
<b>Total</b>	<b>117,045</b>	<b>117,045</b>	-	-	-	-
<b>2019</b>						
Trade receivables	106,283	106,283	-	-	-	-
Other receivables	7,241	7,241	-	-	-	-
<b>Total</b>	<b>113,524</b>	<b>113,524</b>	-	-	-	-

## 7. Property, plant and equipment

	2020 \$			2019 \$		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Land	135,980		135,980	573,900		573,900
Buildings	157,611	(123,402)	34,209	157,611	(119,353)	38,258
Plant and equipment	103,420	(93,391)	10,029	103,420	(92,035)	11,385
Motor vehicles	97,750	(533)	97,217	46,541	(13,906)	32,635
<b>Total property, plant and equipment</b>	<b>494,761</b>	<b>(217,326)</b>	<b>277,435</b>	<b>881,473</b>	<b>(225,294)</b>	<b>656,179</b>

### Land and buildings

The land upon which the branch is located was revalued during the 2006 financial year. This value has been assessed by the Directors every year since then to determine it has not decreased. The Directors determined that the value of the land has not decreased from the figure as shown in the 2006 financial year and as such no further adjustments have been made.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

### Plant and equipment

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

## 7. Property, plant and equipment (continued)

### Plant and equipment (continued)

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

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

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

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

### (a) Capital expenditure commitments

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

### (b) Movements in carrying amounts of PP&E

2020	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Depreciation	Closing written down value
Land	573,900	-	(437,921)	-	-	-	135,980
Buildings	38,258	-	-	-	-	(4,049)	34,209
Plant and equipment	11,385	-	-	-	-	(1,356)	10,029
Motor vehicles	32,635	97,750	(24,632)	-	-	(8,537)	97,217
<b>Total property, plant and equipment</b>	<b>656,179</b>	<b>97,750</b>	<b>(462,553)</b>	<b>-</b>	<b>-</b>	<b>(13,942)</b>	<b>277,435</b>

7. Property, plant and equipment (continued)  
(b) Movements in carrying amounts of PP&E (continued)

2019	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Depreciation	Closing written down value
Land	970,294	-	(396,394)	-	-	-	573,900
Buildings	43,050	-	-	-	-	(4,792)	38,258
Plant and equipment	13,121	-	-	-	-	(1,736)	11,385
Motor vehicles	43,514	-	-	-	-	(10,879)	32,635
<b>Total property, plant and equipment</b>	<b>1,069,980</b>	<b>-</b>	<b>(396,394)</b>	<b>-</b>	<b>-</b>	<b>(17,407)</b>	<b>656,179</b>

8. Intangible assets

	2020				2019			
	\$				\$			
	At cost	Accumulated amortisation	Written down value		At cost	Accumulated amortisation	Written down value	
Franchise fees	56,484	(49,311)	7,173		56,484	(38,027)	18,457	
<b>Total intangible assets</b>	<b>56,484</b>	<b>(49,311)</b>	<b>7,173</b>		<b>56,484</b>	<b>(38,027)</b>	<b>18,457</b>	

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

Movements in carrying amounts

2020	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Amortisation	Closing written down value
Franchise fees	18,457	-	-	-	-	(11,284)	7,173
<b>Total intangible assets</b>	<b>18,457</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,284)</b>	<b>7,173</b>

2019	Opening written down value	Additions	Disposals	Revaluations	Impairments / write-offs	Amortisation	Closing written down value
Franchise fees	29,741	-	-	-	-	(11,284)	18,457
<b>Total intangible assets</b>	<b>29,741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,284)</b>	<b>18,457</b>



## Notes to the financial statements (continued)

### 9. Financial liabilities

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

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

### 10. Trade and other payables

	2020 \$	2019 \$
<b>Current</b>		
<i>Unsecured liabilities:</i>		
Trade creditors	6,771	7,307
Other creditors and accruals	28,659	28,241
	<u>35,430</u>	<u>35,548</u>

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

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

### 11. Provisions

	2020 \$	2019 \$
<b>Current</b>		
Employee benefits	<u>88,303</u>	<u>81,776</u>
<b>Non-current</b>		
Employee benefits	<u>9,397</u>	<u>13,296</u>
<b>Total provisions</b>	<u>97,700</u>	<u>95,072</u>

#### *Short-term employee benefits*

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

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

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

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

## Notes to the financial statements (continued)

### 11. Provisions (continued)

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

### 12. Share capital

	2020 \$	2019 \$
387,310 Ordinary shares fully paid	387,310	387,310
	<u>387,310</u>	<u>387,310</u>

Ordinary shares are classified as equity.

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

#### (a) Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	387,310	387,310
Shares issued during the year	-	-
At the end of the reporting period	<u>387,310</u>	<u>387,310</u>

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

#### (b) Capital management

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

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

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

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

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

## Notes to the financial statements (continued)

### 13. Retained earnings

	2020	2019
	\$	\$
Balance at the beginning of the reporting period	2,022,915	1,876,345
Profit for the year after income tax	294,664	224,031
Dividends paid	(77,462)	(77,462)
Balance at the end of the reporting period	<u>2,240,117</u>	<u>2,022,915</u>

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

	2020	2019
	\$	\$
<b>Dividends paid or provided for during the year</b>		
Interim and/or final fully franked ordinary dividend of 0.20 cents per share (2019: 0.20) franked at the tax rate of 27.5% (2019: 27.5%).	77,462	77,462

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

### 15. Reserves

	2020	2019
	\$	\$
<i>Asset revaluation reserve</i>		
Balance at the beginning of the reporting period	59,498	59,498
Adjustment to deferred tax liability due to change in tax rate	2,125	-
Balance at the end of the reporting period	<u>61,623</u>	<u>59,498</u>

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

### 16. Earnings per share

	2020	2019
	\$	\$
Basic earnings per share (cents)	76.08	57.84
Earnings used in calculating basic earnings per share	294,664	224,031
Weighted average number of ordinary shares used in calculating basic earnings per share.	387,310	387,310

#### *Basic earnings per share*

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



## Notes to the financial statements (continued)

### 17. Statement of cash flows

	2020 \$	2019 \$
<b>(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:</b>		
Cash and cash equivalents (Note 5)	2,430,440	1,814,105
As per the Statement of Cash Flow	<u>2,430,440</u>	<u>1,814,105</u>
<b>(b) Reconciliation of cash flow from operations with profit after income tax</b>		
Profit for the year after income tax	294,664	224,031
Non-cash flows in profit		
- Depreciation and amortisation	25,226	28,691
- Net (profit) / loss on disposal of property, plant & equipment	(46,376)	21,491
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(2,832)	(6,715)
- (increase) / decrease in prepayments and other assets	(688)	(1,257)
- (Increase) / decrease in deferred tax asset	10,437	(8,115)
- Increase / (decrease) in trade and other payables	(536)	(1,653)
- Increase / (decrease) in current tax liability	(2,446)	(14,383)
- Increase / (decrease) in provisions	3,045	54,228
- Increase / (decrease) in asset revaluation reserve	2,125	-
Net cash flows from operating activities	<u>282,619</u>	<u>296,318</u>

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

#### (a) Key management personnel

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

#### (b) Other related parties

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

#### (c) Transactions with key management personnel and related parties

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

## Notes to the financial statements (continued)

### 18. Key management personnel and related party disclosures (continued)

#### (d) Key management personnel shareholdings

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

	2020	2019
Sue-Anne Corcoran	5,000	5,000
Michelle Fahey (jointly held with spouse)	500	500
Christine Coble (jointly held with spouse)	600	600
Belinda Reid	100	100
Tim McGrath	500	500
Thomas Corcoran	500	500
Phillip Gorham	5,000	3,000
	<u>12,200</u>	<u>10,200</u>

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

#### (e) Other key management transactions

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

### 19. Events after the reporting period

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

### 20. Contingent liabilities and contingent assets

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

### 21. Operating segments

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

### 22. Company details

The registered office and principal place of business is: 32 Marsden Street, Boorowa NSW.

## Notes to the financial statements (continued)

### 23. Financial instrument risk

#### *Financial risk management policies*

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

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

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

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

	Note	2020 \$	2019 \$
<b>Financial assets</b>			
Cash and cash equivalents	5	2,430,440	1,814,105
Trade and other receivables	6	117,045	113,524
<b>Total financial assets</b>		<u>2,547,485</u>	<u>1,927,629</u>
<b>Financial liabilities</b>			
Trade and other payables	10	35,430	35,548
<b>Total financial liabilities</b>		<u>35,430</u>	<u>35,548</u>

#### **(a) Credit risk**

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

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

#### *Credit risk exposures*

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

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

## Notes to the financial statements (continued)

### 23. Financial instrument risk (continued)

#### (a) Credit risk (continued)

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

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

#### (b) Liquidity risk

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

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

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability and financial asset maturity analysis:

30 June 2020	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>Financial assets</b>				
Cash and cash equivalents	2,430,440	2,430,440	-	-
Trade and other receivables	117,045	117,045	-	-
<b>Total anticipated inflows</b>	<b>2,547,485</b>	<b>2,547,485</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
Trade and other payables	35,430	35,430	-	-
<b>Total expected outflows</b>	<b>35,430</b>	<b>35,430</b>	<b>-</b>	<b>-</b>
<b>Net inflow / (outflow) on financial instruments</b>	<b>2,512,055</b>	<b>2,512,055</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements (continued)

### 23. Financial instrument risk (continued)

#### (b) Liquidity risk (continued)

30 June 2019		Total	Within 1 year	1 to 5 years	Over 5 years
	%	\$	\$	\$	\$
<b>Financial assets</b>					
Cash and cash equivalents		1,814,105	1,814,105	-	-
Trade and other receivables		113,524	113,524	-	-
<b>Total anticipated inflows</b>		<u>1,927,629</u>	<u>1,927,629</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Trade and other payables		35,548	35,548	-	-
<b>Total expected outflows</b>		<u>35,548</u>	<u>35,548</u>	<u>-</u>	<u>-</u>
<b>Net inflow / (outflow) on financial instruments</b>		<u><u>1,892,081</u></u>	<u><u>1,892,081</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

#### (c) Market risk

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

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company has no exposure to fluctuations in foreign currency, or any exposure to a material price risk.

#### Sensitivity analysis

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

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2020		2019	
	Profit	Equity	Profit	Equity
	\$	\$	\$	\$
+/- 1% in interest rates (interest income)	24,304	24,304	18,141	18,141
+/- 1% in interest rates (interest expense)	-	-	-	-
	<u><u>24,304</u></u>	<u><u>24,304</u></u>	<u><u>18,141</u></u>	<u><u>18,141</u></u>

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



# Directors' declaration

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In accordance with a resolution of the Directors of Boorowa Community Financial Services Limited, the Directors of the company declare

1. The financial statements and notes, as set out on pages 8 to 31 are in accordance with the Corporations Act 2001 and:
  - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) give a true and fair view of the company's financial position as at 30 June 2020 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

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



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**Sue-Anne Corcoran**  
Director

Signed at Boorowa on 22 September 2020

# Independent audit report

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## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Boorowa 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, statement of changes in equity and 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:

- a) the accompanying financial report of Boorowa Community Financial Services Limited is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year then ended; and
  - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1

### 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.

### Information other than the Financial Report and Auditor's Report Thereon

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

### Responsibilities of the Directors for the Financial Report

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

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



## Independent audit report (continued)

### 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.

As part of an audit in accordance with 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

Signed date:

22-9-20

Tim Allen CA

Laterals Chartered Accountants

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