

# Annual Report 2020

Caloundra City Community  
Support Services Limited

Community Bank  
Caloundra

ABN 76 122 651 969

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# Chairman's report

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For year ending 30 June 2020

This past year started as usual with steady growth for the last six months of 2019 followed by the challenging first six months of a memorable 2020.

In terms of Caloundra City Community Support Services Limited (CCCCS) Board changes, we farewelled Henk Reinking at our Annual General Meeting in November 2019. Henk served us consistently for seven years including time as Chair of our Marketing and Sponsorship committee. At that time, we also farewelled Bruce Eldridge who spent three years on the Board managing our finances. A big thanks to both these men for the hours given to serving CCCCCS. In November 2019, we welcomed Katie Wilke to the Board and in February 2020, Liz Taylor and Matt Schmidt also joined us.

As a testament to the strength of our branch team, we retained all staff without any changes this past financial year. The team is ably lead by our Manager Pip Fawcett, who works closely with our Customer Relations Manager (CRM) Angela Forster, Customer Relations Officer (CRO) Casey Power and long-serving Customer Service Officers (CSOs) Roxanne Faulkner and Maria Jary. They continue to ensure our customers' needs are met daily despite the difficult, but necessary, COVID-19 restrictions we have in place. We are most appreciative of their efforts to support and grow our business.

We continue to sponsor several sporting clubs despite some being unable to participate this year in local competitions due to the pandemic. Our support has extended to netball, rugby union, basketball teams and board riders in our Caloundra and neighbouring suburbs on the Sunshine Coast. In addition, we've sponsored Dicky Beach Surf Club, Golden Beach Neighbourhood Watch, the Caloundra Chamber of Commerce, Caloundra Triathlon Club, QuoCKa reading program at Caloundra and Currimundi State Schools, the Rotary Club of Caloundra, Windandsea Surf Club, Caloundra Men's Shed, Island Charity Swim (supporting Currimundi Special School) and Queensland Air Museum. Our support has extended these last few months to a new mental health organisation, while we continue to donate to the Vinnies Christmas Hampers Appeal. Also engaging with Gateway Care, a community resource centre that brings people together to alleviate hardship.

We are heartened by our growth in customer numbers year-on-year, however I strongly encourage you, our shareholders, to continue supporting our company with your personal and business banking. I also urge you to discuss our bank services with family and friends who may be considering a bank that will provide them with personalised service who can meet their needs. Please encourage them to come in and experience that special service which is always available and sets us apart from the rest.

It has also been a year that we have embraced new technologies with different platforms used to support the meeting requirements of our Board. While meeting together in person has not been possible, and social distancing requirements in branch have necessitated new norms, our Board and branch team have embraced the challenges of 2020 and we are finishing the year strongly. Our team are committed to serving our community with a personalised care and readily available full-service products. We wish you a happy and healthy finish to the year, and may 2021 bring us all renewed peace and comfort.



**Colin Rose**  
**Chairman**

# Manager's report

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For year ending 30 June 2020

Firstly, I would like to show my appreciation to our local doctors, nurses, medical staff and other frontline workers who have assisted during the most challenging year in Australian history. We have been presented with an incredible mix of challenges over the past financial year. Despite these difficulties, I am pleased to say that your Community Bank Caloundra has emerged from 2019/20 stronger than ever. We produced some fantastic results, achieving all our targets across our business. I can't thank my branch team enough for their contribution and hard work to achieve these results. As they say: 'Teamwork makes the Dreamwork'.

For all the downside of the pandemic, there has also been some silver linings too. The last six months have brought us closer than ever to our customers. From the outset, our team made a commitment to ensure both our personal and business customers were managing. We continue to assist them through financial difficulties and expect this long into the future. Our support extends to several local not-for-profit organisations who have not been in the position to raise the much needed funds required to continue operating.

We are continuing to build our business pipeline and grow our customer base with quality conversations. These interactions are taking place with both current and potential customers, with many of these potentials now coming to fruition. We are continually seeing growth with lending applications and settlements which has set us up for a great start to the next financial year. With customer retention being a key focus for us, this also reduces the loss of any customer base.

Many of the small business visits completed over the first half of the financial year have now come to fruition. Now banking with us are real estate agents, industrial trade businesses and new not-for-profit organisations. With COVID-19 restrictions minimising our business visits, we chose to focus our energy on nurturing our existing customer base and servicing their financial needs. This strategy has also paid off.

We continue to support our local community groups and sporting clubs despite many of these being unable to do what they love the most. As we emerge from the COVID-19 restrictions, many of these clubs are now facing the new norm with renewed hope for the new year. Our Community Bank Caloundra Board and branch team will of course be there to support them with much-needed financial assistance as they work to regain lost ground in 2020.

We've used this down time to stay close to every sponsored organisation whilst also embracing new sponsorships that meet needs such as mental health and welfare services within our community. A big shout out to all of our sponsored organisations which include Caloundra Rugby Union, Caloundra Basketball, Caloundra Triathlon Club, Comunite'z, Currimundi Catchment Care, St Vinnies, Dicky Beach SLSC, Moffat Beach Netball, Currimundi State School, QuoCKa Reading Program and WindanSea Boardriders. We greatly value and appreciate the partnership and thank you for also sharing our Community Bank story with your members. I look forward to the year ahead with you.

We have had no staff movement over the past financial year and have in place a very strong and experienced team. Angela, Casey, Maria and Roxanne all go above and beyond to ensure our customers financial needs and requirements are met. I would like to again thank my team for their loyalty, efficiency and contribution to our business, and look forward to another successful year ahead.

## Manager's report (continued)

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I would like to thank our shareholders for your support – and again encourage those of you that don't currently bank with us to come in and visit or give us a call. I would also like to thank the Community Bank Caloundra Board for your ongoing support and expertise which solidifies our growth. I am proud to work for Bendigo and Adelaide Bank and I am passionate about what we can achieve together in our Caloundra community. I look forward to the year ahead which will be accompanied by new branding and marketing that ensures a fresh and vibrant brand underpins our full suite of products and services. Share in our vision to be 'Australia's Bank of Choice' and together, let's keep making a local difference.

A handwritten signature in black ink, appearing to read 'Pip Fawcett', with a stylized, cursive script.

**Pip Fawcett**  
**Branch Manager**

# Bendigo and Adelaide Bank report

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## For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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



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

# Directors' report

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The directors present the financial statements of the company for the financial year ended 30 June 2020.

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## Directors

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The directors of the company who held office during or since the end of the financial year are:

John Colin Rose

Chairman

Occupation: Retired

Qualifications, experience and expertise: Following a 22-year service in the Australian Defence Force (RAAF), Colin spent 14 years in Victoria growing vegetables in Yan Yean and Warragul followed by 10 years in the role of Operations Manager for a large flower and bulb farming business. On retiring in October 2004, Colin and his wife moved to Caloundra and immediately joined a steering committee for the establishment of the Community Bank Caloundra. Caloundra City Community Support Services was established in 2006 with Colin as Treasurer of the inaugural Board. The company has a franchise agreement with Bendigo Bank to operate the Community Bank Caloundra which opened in May 2007. Colin became Chair in 2014 and deeply appreciates the directors who all serve the company voluntarily. Colin also maintains leadership roles in community organisations with voluntary service for the past 16 years including a number of years assisting with administrative and financial responsibilities of Caloundra Church of Christ. Col is also Chair of Eden Point residential complex consisting of 22 residences and two commercial businesses.

Special responsibilities: Chairman

Interest in shares: 7,801 ordinary shares

Edward John Hall

Non-executive director

Occupation: Non-executive Director

Qualifications, experience and expertise: John has lived at Golden Beach with his wife Helen since 2003. On his retirement in 2013, John had been a chief executive in both the public and private sectors for over 25 years (Queensland Treasury, a major Queensland law firm and Queensland's economic regulator). John has also been a company director for over 25 years, in listed public companies, unlisted public companies, government business enterprises, government public authorities and private businesses (in sand mining, tourism and events, superannuation, investment and funds management and overseas and domestic debt raising and management). John has degrees in Economics and Commerce and a Masters degree in Business Administration. John now works part time as a company director. In addition to his role with the Caloundra Community Bank, he is on the board of Visit Sunshine Coast (the regional tourism body for the Sunshine Coast) and is an independent member of the Sunshine Coast Grammar School Council. John is a Fellow of the Australian Institute of Company Directors.

Other current directorships: Sunshine Coast Destination Limited (trading as Visit Sunshine Coast).

Special responsibilities: Chair of Finance Committee

Interest in shares: 2,000 ordinary shares

Robert Bruce Campbell

Non-executive director

Occupation: Commercial Director

Qualifications, experience and expertise: Robert is responsible for the management of the Australian and New Zealand operations of a large multi-national engineering company. He was previously involved in management positions of engineering companies servicing Oil & Gas, Mining, and major Infrastructure Projects both domestically and internationally. Formal qualifications in management, project management, marketing, materials science and key business responsibilities in the areas of Occupational Health and Safety and Risk Management. Current member of the Dicky Beach Surf Life Saving Club - Member Constitution Committee and Finance Committee. Surf Life Saving Queensland Sunshine Coast Branch - Life Member and Deputy Director Junior Activities: Surf Life Saving Queensland - State Membership Services Officer and Chair of Meritorious Awards and Lifesaving Panel: Surf Life Saving Australia Development Advisory Committee - (all volunteer positions).

Special responsibilities: Marketing Committee

Interest in shares: nil share interest held

# Directors' report (continued)

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## Directors (continued)

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Amanda Louise Zinn

Non-executive director

Occupation: Project Support Officer

Qualifications, experience and expertise: Amanda is a professional Executive Assistant with over 30 years' experience, working in high level roles with Boards and committees in both the public and private sector. Appointed to the Board in 2016, Amanda has served as the Chair of the governance committee and is now the Company Secretary. Amanda has a passion for good governance and for serving the community. Amanda holds a Diploma of Business Administration, Diploma of Leadership and Management, Cert IV in Government (Statutory Compliance & Investigations). Amanda has completed the AICD Director and Company Secretary course through Governance Institute of Australia. Amanda is Vice President of the Caloundra Chorale and Theatre Company and Secretary of the Eisteddfod Council of Queensland.

Special responsibilities: Company Secretary

Interest in shares: nil share interest held

Ann Elizabeth Sutherland

Non-executive director

Occupation: Lawyer

Qualifications, experience and expertise: Ann is a lawyer with extensive international experience covering litigation and rule of law in senior legal and management roles. Ann worked for the United Nations (UN) from 1995 – 2017 investigating and prosecuting senior leaders accused of war crimes, genocide and crimes against humanity. Prior to working for the UN, Ann lived and worked in South Australia. Ann holds Bachelor's degrees in Commerce and Law and a Master in Public International Law, specialising in International Criminal Law. Ann is also an accredited mediator. Since moving to the Caloundra area in September 2018, Ann has integrated in local community through sport and volunteer work joining the Community Bank Company Board as well as the Caloundra Triathlon Club. Ann is also a keen golfer and is a member of the Pelican Waters and Caloundra Golf Clubs.

Special responsibilities: Chair of Governance Committee

Interest in shares: nil share interest held

William Eykman

Non-executive director

Occupation: Consultant

Qualifications, experience and expertise: Prior to currently being a consultant, Bill was employed in a number of roles including Real Estate Manager for the Victorian Gov't, General Manager Port of Melbourne, Property Director for an international subsidiary of General Motors and the Real Estate Director on start up of Optus. Qualifications include diplomas in Project Management, Real Estate, Valuation, Business Management and a Masters in Corporate Real Estate. Skills relate to Business, Finance, People Management and Business Development. Bill is also a volunteer driver for Comlink, a supplier of transport services to the community - mainly infirm and disability aged.

Special responsibilities: Low Volume (Share) Market

Interest in shares: nil share interest held

Katie Wilkie

Non-executive director (appointed 4 November 2019)

Occupation: Public Relations

Qualifications, experience and expertise: Katie has spent 16 years as a specialist PR consultant, working across public transport, tourism, property development and new home construction, fitness, and NFPs. A mother of 4 in the local community, has community grassroots connections in target markets. Holds a Communications degree, with a triple major in Public Relations, Marketing and Journalism (Griffith University, 2005). Heavily involved in the local school and sporting communities, with active registrations in soccer, tennis, piano, futsal and nippers (I am an active member at Kings Beach mets). Katie's personal hobbies include training for a triathlon, swimming, surfing, and assisting NFP's. Katie has previously been an active member of the Rural Fire Brigade and also Surf Life saving.

Special responsibilities: Nil

Interest in shares: nil share interest held

Elizabeth Mary Taylor

Non-executive director (appointed 15 February 2020)

Occupation: Dietitian, Key Account Manager

Qualifications, experience and expertise: Elizabeth has a Bachelor of Science (Food Science & Nutrition) from Griffith University in Brisbane QLD (1997-2000). She went on to complete a Masters of Dietetics at the University of Queensland in Brisbane QLD (2010-2011) and is an Accredited Practising Dietitian. Elizabeth has since become part of the Dietitians Association of Australia (2012-Current).

Special responsibilities: Nil

Interest in shares: nil share interest held



## Directors' report (continued)

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### Directors (continued)

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Matthew Schmidt

Non-executive director (appointed 15 February 2020)

Occupation: Business Analyst

Qualifications, experience and expertise: Matthew holds a Bachelor of Science from the University of Queensland, he is the General Manager at Bottled Water Co, Vice President of M & A in the aerospace industry.

Special responsibilities: Nil

Interest in shares: nil share interest held

Hendrik Willem Reinking

Non-executive director (resigned 4 November 2019)

Occupation: Retired

Qualifications, experience and expertise: Company Director, licenced Customs Broker and small business operator. Real Estate agent and property developer. School council member and president.

Special responsibilities: Nil

Interest in shares: 55,000 ordinary shares

Bruce Martin Eldridge

Non-executive director (resigned 4 November 2019)

Occupation: Accountant

Qualifications, experience and expertise: Bruce has held executive roles in commercial (as Finance Director) and Not For Profit (as CFO) organisations. He is a member of the Executive Leadership Team at STEPS Group Australia (since 2012). Bruce is driven by creating efficiency through implementation and improvement of systems and enjoys the challenges of strategic planning to manage organisational growth. Bruce holds a CPA (2015); Bachelor of Commerce (1987 - South Africa) and Diploma in Management (2013). He enjoys surfing, kite surfing, surf ski paddling and thinks Caloundra is the best place in the world.

Special responsibilities: Nil

Interest in shares: nil share interest held

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

No directors have material interest in contracts or proposed contracts with the company.

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### Company Secretary

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The company secretary is Amanda Zinn. Amanda was appointed to the position of secretary on 27 February 2019.

Qualifications, experience and expertise: See information in Directors

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### Principal activity

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The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

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

## Directors' report (continued)

### Operating results

The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2020	Year ended 30 June 2019
\$	\$
56,751	64,980

### Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
John Colin Rose	7,801	-	7,801
Edward John Hall	2,000	-	2,000
Robert Bruce Campbell	-	-	-
Amanda Louise Zinn	-	-	-
Ann Elizabeth Sutherland	-	-	-
William Eykman	-	-	-
Katie Wilkie	-	-	-
Elizabeth Mary Taylor	-	-	-
Matthew Schmidt	-	-	-
Hendrik Willem Reinking	55,000	-	55,000
Bruce Martin Eldridge	-	-	-

### Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	Total amount \$
Final unfranked dividend	3.5	27,376
Total amount	<u>3.5</u>	<u>27,376</u>

### New Accounting Standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: *Leases* (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases*. See note 4 for further details.

### Significant changes in the state of affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The relief support and uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

# Directors' report (continued)

## Events since the end of the financial year

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

## Likely developments

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

## Environmental regulation

The company is not subject to any significant environmental regulation.

## Directors' benefits

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 which a director is a member or an entity in which a director has a substantial financial interest.

## Indemnification and insurance of directors and officers

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.

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.

## Directors' meetings

The number of directors' meetings (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

	Board Meetings Attended		Governance Sub-Committee Attendance		Marketing Sub-Committee Attendance	
	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>
John Colin Rose	11	11	2	2	7	7
Edward John Hall	11	9	-	-	-	-
Robert Bruce Campbell	11	7	-	-	-	-
Amanda Louise Zinn	11	11	2	2	-	-
Ann Elizabeth Sutherland	11	10	2	2	-	-
William Eykman	11	4	-	-	-	-
Katie Wilkie	7	5	-	-	-	-
Elizabeth Mary Taylor	5	3	-	-	-	-
Matthew Schmidt	5	4	-	-	-	-
Hendrik Willem Reinking	5	2	1	-	-	-
Bruce Martin Eldridge	5	5	-	-	7	7

*E* - eligible to attend

*A* - number attended

## Directors' report (continued)

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### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

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### Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 26 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

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### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Signed in accordance with a resolution of the directors at Caloundra, Queensland.



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John Colin Rose, Chairman

Dated this 25th day of September 2020

# Auditor's independence declaration

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## Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Caloundra City Community Support Services Limited

As lead auditor for the audit of Caloundra City Community Support Services Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of 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.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 25 September 2020

**Joshua Griffin**  
Lead Auditor

# Financial statements

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

	Notes	2020 \$	2019 \$
Revenue from contracts with customers	8	719,552	670,381
Other revenue	9	26,221	25,489
Employee benefit expenses	10c)	(421,926)	(340,654)
Charitable donations, sponsorship, advertising and promotion		(43,915)	(42,218)
Occupancy and associated costs		(24,057)	(98,162)
Systems costs		(21,748)	(19,655)
Depreciation and amortisation expense	10a)	(59,640)	(20,604)
Finance costs	10b)	(8,939)	(1,121)
General administration expenses		(81,244)	(83,494)
<b>Profit before income tax expense</b>		<b>84,304</b>	<b>89,962</b>
Income tax expense	11a)	(27,553)	(24,982)
<b>Profit after income tax expense</b>		<b>56,751</b>	<b>64,980</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>56,751</b>	<b>64,980</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- Basic and diluted earnings per share:	29a)	7.26	8.31

The accompanying notes form part of these financial statements

# Financial statements (continued)

## Statement of Financial Position

as at 30 June 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	12a)	213,723	182,790
Trade and other receivables	13a)	41,351	28,309
<b>Total current assets</b>		<b>255,074</b>	<b>211,099</b>
<b>Non-current assets</b>			
Trade and other receivables	13a)	2,648	-
Property, plant and equipment	14a)	78,949	85,519
Right-of-use assets	15a)	71,495	-
Intangible assets	16a)	24,623	38,053
Deferred tax asset	17a)	68,300	76,915
<b>Total non-current assets</b>		<b>246,015</b>	<b>200,487</b>
<b>Total assets</b>		<b>501,089</b>	<b>411,586</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	18a)	28,618	31,619
Loans and borrowings	19a)	-	7,225
Lease liabilities	20b)	62,677	-
<b>Total current liabilities</b>		<b>91,295</b>	<b>38,844</b>
<b>Non-current liabilities</b>			
Trade and other payables	18b)	-	14,874
Loans and borrowings	19b)	-	10,242
Lease liabilities	20c)	55,241	-
Provisions	21a)	27,485	-
<b>Total non-current liabilities</b>		<b>82,726</b>	<b>25,116</b>
<b>Total liabilities</b>		<b>174,021</b>	<b>63,960</b>
<b>Net assets</b>		<b>327,068</b>	<b>347,626</b>
<b>EQUITY</b>			
Issued capital	22a)	751,177	751,177
Accumulated losses	23	(424,109)	(403,551)
<b>Total equity</b>		<b>327,068</b>	<b>347,626</b>

The accompanying notes form part of these financial statements

## Financial statements (continued)

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

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2018</b>		751,177	(441,155)	310,022
Total comprehensive income for the year		-	64,980	64,980
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	28a)	-	(27,376)	(27,376)
<b>Balance at 30 June 2019</b>		<b>751,177</b>	<b>(403,551)</b>	<b>347,626</b>
<b>Balance at 1 July 2019</b>		751,177	(403,551)	347,626
Effect of AASB 16: Leases	3d)	-	(49,933)	(49,933)
<b>Restated balance at 1 July 2019</b>		751,177	(453,484)	297,693
Total comprehensive income for the year		-	56,751	56,751
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	28a)	-	(27,376)	(27,376)
<b>Balance at 30 June 2020</b>		<b>751,177</b>	<b>(424,109)</b>	<b>327,068</b>

The accompanying notes form part of these financial statements



## Financial statements (continued)

### Statement of Cash Flows

for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		761,072	750,732
Payments to suppliers and employees		(609,427)	(639,617)
Interest received		826	-
Interest paid		(723)	(1,121)
Lease payments (interest component)	10b)	(6,932)	-
Lease payments not included in the measurement of lease liabilities	10d)	(7,501)	-
<b>Net cash provided by operating activities</b>	24	<b>137,315</b>	<b>109,994</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(645)	-
Payments for intangible assets		(13,522)	(13,522)
<b>Net cash used in investing activities</b>		<b>(14,167)</b>	<b>(13,522)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		-	(6,837)
Lease payments (principal component)	20a)	(64,839)	-
Dividends paid	28a)	(27,376)	(27,376)
<b>Net cash used in financing activities</b>		<b>(92,215)</b>	<b>(34,213)</b>
<b>Net cash increase in cash held</b>		<b>30,933</b>	<b>62,259</b>
Cash and cash equivalents at the beginning of the financial year		182,790	120,531
<b>Cash and cash equivalents at the end of the financial year</b>	12a)	<b>213,723</b>	<b>182,790</b>

The accompanying notes form part of these financial statements

# Notes to the financial statements

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For year ended 30 June 2020

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**Note 1 Reporting entity**

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This is the financial report for Caloundra City Community Support Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
Shop 1/99 Bulcock Street Caloundra QLD 4551	Shop 1/99 Bulcock Street Caloundra QLD 4551

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 27.

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**Note 2 Basis of preparation and statement of compliance**

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The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 25 September 2020.

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**Note 3 Changes in accounting policies, standards and interpretations**

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The company initially applied AASB 16 *Leases* from 1 July 2019. AASB Interpretation 23 *Uncertainty over Income Tax Treatments* is also effective from 1 July 2019 but is not expected to have a material impact on the company's financial statements. The company's existing policy for uncertain income tax treatments is consistent with the requirements in Interpretation 23.

The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: *Leases* (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases*.

**a) Definition of a lease**

Previously, the company determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 *Determining whether an Arrangement contains a Lease*. The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4.

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

# Notes to the financial statements (continued)

## Note 3 Changes in accounting policies, standards and interpretations (continued)

### b) As a lessee

As a lessee, the company leases assets including property and IT equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases (i.e. these leases are on balance sheet).

#### *Leases classified as operating leases under AASB 117*

Previously, the company classified property and IT equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. The practical expedients include that the company:

- did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term on contracts that have options to extend or terminate.

### c) As a lessor

The company is not a party in an arrangement where it is a lessor. The company is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor.

### d) Impact on financial statements

On transition to AASB 16, the company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

		1 July 2019
	Note	\$
<i>Impact on equity presented as decrease</i>		
<b>Asset</b>		
Right-of-use assets - land and buildings	15b)	110,491
Lease receivables	20a)	17,505
Deferred tax asset	17a)	18,940
<b>Liability</b>		
Lease liabilities	20a)	(170,667)
Provision for make-good	21b)	(26,202)
<b>Equity</b>		
Accumulated losses		<u>(49,933)</u>

Lease receivables were discounted using a weighted average discount rate of 5.79%.

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 4.79%.

#### *Lease receivables reconciliation on transition*

Operating lease receivable disclosure as at June 2019	-
Add: future lease receivable repayments	18,759
Less: present value discounting	(1,254)
Lease receivables as at 1 July 2019	<u>17,505</u>

# Notes to the financial statements (continued)

## Note 3 Changes in accounting policies, standards and interpretations (continued)

### d) Impact on financial statements (continued)

#### Lease liabilities reconciliation on transition

Operating lease disclosure as at June 2019	188,228
Less: AASB 117 lease commitments reconciliation	(5,377)
Less: present value discounting	(12,184)
Lease liability as at 1 July 2019	<u>170,667</u>

## Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

### a) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

<u>Revenue</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST).

#### Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank 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.

#### 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 Bank for a deposit,
- minus any costs of funds i.e. interest applied by to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

#### Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

# Notes to the financial statements (continued)

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## Note 4 Summary of significant accounting policies (continued)

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### a) Revenue from contracts with customers (continued)

#### *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.

#### *Core banking products*

Bendigo Bank has identified some 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.

#### *Ability to change financial return*

Under the franchise agreement, Bendigo Bank 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 Bank 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.

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

### b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

<u>Revenue</u>	<u>Revenue recognition policy</u>
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

#### *Discretionary financial contributions*

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

### c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

# Notes to the financial statements (continued)

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## **Note 4 Summary of significant accounting policies (continued)**

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### **c) Economic dependency - Bendigo Bank**

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank 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 and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- 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
- sales techniques and proper customer relations.

### **d) Taxes**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

#### *Current income tax*

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

#### *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

#### *Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

### **e) Cash and cash equivalents**

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

# Notes to the financial statements (continued)

## Note 4 Summary of significant accounting policies (continued)

### f) Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

#### Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

#### Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	7 to 40 years
Plant and equipment	Straight-line	1 to 40 years

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

### g) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

#### Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost.

#### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

#### Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

### h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings, and leases.

Sub-note h) and i) refer to the following acronyms:

<u>Acronym</u>	<u>Meaning</u>
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

# Notes to the financial statements (continued)

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## Note 4 Summary of significant accounting policies (continued)

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### h) Financial instruments (continued)

#### *Recognition and initial measurement*

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### *Classification and subsequent measurement*

##### Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Financial assets - business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

##### Financial assets - subsequent measurement and gains and losses

- Financial assets at amortised cost      These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### Financial liabilities - classification, subsequent measurement and gains and losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

#### *Derecognition*

##### Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

##### Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.



# Notes to the financial statements (continued)

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## Note 4 Summary of significant accounting policies (continued)

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### h) Financial instruments (continued)

#### *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### i) Impairment

#### *Non-derivative financial assets*

The company recognises a loss allowance for ECL on its trade receivables.

ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (ie diversity of customer base, appropriate groupings of its historical loss experience etc.).

#### Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 14 days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2020.

#### *Non-financial assets*

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

### j) Issued capital

#### *Ordinary shares*

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### k) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

### l) Leases

The company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The details of accounting policies under AASB 117 and Interpretation 4 are disclosed separately.

#### *Policy applicable from 1 July 2019*

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

# Notes to the financial statements (continued)

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## Note 4 Summary of significant accounting policies (continued)

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### I) Leases (continued)

*Policy applicable from 1 July 2019 (continued)*

#### As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonably certain to exercise, lease payments in an option renewal period if the group is reasonably certain to exercise that option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is lease that, at commencement date, has a lease term of 12 months or less.

#### As a lessor

The company is not a party in an arrangement where it is a lessor.

# Notes to the financial statements (continued)

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## Note 4 Summary of significant accounting policies (continued)

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### l) Leases (continued)

#### *Policy applicable before 1 July 2019*

For contracts entered into before 1 July 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

#### As a lessee

In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

#### As a lessor

The company has not been a party in an arrangement where it is a lessor.

### m) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019, however the changes are not expected to have a significant impact on the company's financial statements.

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## Note 5 Significant accounting judgements, estimates, and assumptions

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In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

<u>Note</u>	<u>Judgement</u>
- Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;
- Note 20 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none"><li>- the amount;</li><li>- the lease term;</li><li>- economic environment; and</li><li>- other relevant factors.</li></ul>

# Notes to the financial statements (continued)

## Note 5 Significant accounting judgements, estimates, and assumptions (continued)

### b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

<u>Note</u>	<u>Assumptions</u>
- Note 17 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 14 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

## Note 6 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

Risk management is carried out directly by the board of directors.

### a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank.

### b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2020

<u>Non-derivative financial liability</u>	<u>Contractual cash flows</u>			
	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	117,918	67,116	56,431	-
Trade payables	2,563	2,563	-	-
	<u>120,481</u>	<u>69,679</u>	<u>56,431</u>	<u>-</u>

30 June 2019

<u>Non-derivative financial liability</u>	<u>Contractual cash flows</u>			
	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Chattel Mortgage	17,467	7,225	-	-
Trade payables	10,915	10,915	-	-
	<u>28,382</u>	<u>25,365</u>	<u>-</u>	<u>-</u>

# Notes to the financial statements (continued)

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## Note 6 Financial risk management (*continued*)

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### c) Market risk

#### *Market risk*

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

#### *Price risk*

The company is not exposed to equity securities price risk as it holds investments for sale or at fair value. The company is not exposed to commodity price risk.

#### *Cash flow and fair value interest rate risk*

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of \$213,723 at 30 June 2020 (2019: \$182,790). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

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## Note 7 Capital management

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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 distributions 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.

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 company over that 12 month period where 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 for the year ended 30 June 2020 can be seen in the statement of profit or loss and other comprehensive Income.

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

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## Note 8 Revenue from contracts with customers

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The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

#### *Revenue from contracts with customers*

	2020 \$	2019 \$
Revenue:		
- Revenue from contracts with customers	719,552	670,381
	<u>719,552</u>	<u>670,381</u>

#### *Disaggregation of revenue from contracts with customers*

At a point in time:

- Margin income	618,189	560,377
- Fee income	45,427	49,035
- Commission income	55,936	60,969
	<u>719,552</u>	<u>670,381</u>

There was no revenue from contracts with customers recognised over time during the financial year.

# Notes to the financial statements (continued)

## Note 9 Other revenue

The company generates other sources of revenue from discretionary contributions received from the franchisor.

<i>Other revenue</i>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Revenue:		
- Market development fund income	25,000	25,000
- Other income	1,221	489
	<b>26,221</b>	<b>25,489</b>

## Note 10 Expenses

<b>a) Depreciation and amortisation expense</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	5,573	5,573
- Plant and equipment	1,641	1,600
	<b>7,214</b>	<b>7,173</b>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	38,996	-
	<b>38,996</b>	<b>-</b>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,239	2,238
- Franchise renewal process fee	11,191	11,193
	<b>13,430</b>	<b>13,431</b>
Total depreciation and amortisation expense	<b>59,640</b>	<b>20,604</b>

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4g and 4h).

<b>b) Finance costs</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<i>Finance costs:</i>			
- Bank loan interest paid or accrued		733	1,121
- Lease interest expense	20a)	6,923	-
- Unwinding of make-good provision		1,283	-
		<b>8,939</b>	<b>1,121</b>

Finance costs are recognised as expenses when incurred using the effective interest rate.

<b>c) Employee benefit expenses</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	343,504	276,582
Contributions to defined contribution plans	32,486	27,475
Expenses related to long service leave	862	4,387
Other expenses	45,074	32,210
	<b>421,926</b>	<b>340,654</b>

## d) Recognition exemption

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Expenses relating to short-term leases	7,501	-
	<b>7,501</b>	<b>-</b>

# Notes to the financial statements (continued)

## Note 10 Expenses (continued)

### d) Recognition exemption (continued)

Expenses relating to leases exempt from recognition are included in systems costs.

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition.

## Note 11 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss	2020 \$	2019 \$
<i>Current tax expense</i>		
- Recoupment of prior year tax losses	20,611	22,187
- Movement in deferred tax	(15,938)	2,795
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	3,940	-
- Adjustment to deferred tax on AASB 16 retrospective application	18,940	-
	<u>27,553</u>	<u>24,982</u>

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of \$3,940 related to the remeasurement of deferred tax assets and liabilities of the company.

b) <i>Prima facie</i> income tax reconciliation	2020 \$	2019 \$
Operating profit before taxation	84,304	89,962
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	23,184	24,740
Tax effect of:		
- Non-deductible expenses	420	242
- Other deductible expenses	-	(2,795)
- Temporary differences	(2,993)	-
- Movement in deferred tax	(15,938)	2,795
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	3,940	-
- Leases initial recognition	18,940	-
	<u>27,553</u>	<u>24,982</u>

## Note 12 Cash and cash equivalents

a) Cash and cash equivalents	2020 \$	2019 \$
Cash at bank and on hand	213,723	182,790
	<u>213,723</u>	<u>182,790</u>

## Note 13 Trade and other receivables

a) Current assets	2020 \$	2019 \$
Trade receivables	28,644	18,410
Prepayments	4,063	8,899
Lease receivables	7,644	-
Other receivables and accruals	1,000	1,000
	<u>41,351</u>	<u>28,309</u>
b) Non-current assets		
Lease receivables	2,648	-
	<u>2,648</u>	<u>-</u>

## Notes to the financial statements (continued)

### Note 13 Trade and other receivables (continued)

The lease receivable relates to the present value measurement of a bus which was donated to a local community group Dicky Beach Surf Club (DBSC) in November 2016.

On 1 July 2019 in accordance with the newly adopted AASB 16 the company measured the future payments receivable for the right to use the asset by the DBSC. The company now systematically recognises the transfer of the bus over the lease term of five years as a sponsorship to DBSC in lieu of receiving payments. The company is still responsible for making the loan payments on the bus.

The initial sponsorship expense recognised in 2016 when the bus was donated and subsequent treatment under AASB 16 up until 30 June 2020 has been accounted for in the cumulative retrospective effect adjustment to retained earnings.

### Note 14 Property, plant and equipment

a) Carrying amounts	2020 \$	2019 \$
<i>Leasehold improvements</i>		
At cost	170,559	170,559
Less: accumulated depreciation	(106,326)	(100,753)
	<u>64,233</u>	<u>69,806</u>
<i>Plant and equipment</i>		
At cost	89,475	88,831
Less: accumulated depreciation	(74,759)	(73,118)
	<u>14,716</u>	<u>15,713</u>
Total written down amount	<u>78,949</u>	<u>85,519</u>

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

b) Reconciliation of carrying amounts	2020 \$	2019 \$
<i>Leasehold improvements</i>		
Carrying amount at beginning	69,806	75,379
Depreciation	(5,573)	(5,573)
Carrying amount at end	<u>64,233</u>	<u>69,806</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	15,713	17,313
Additions	644	-
Depreciation	(1,641)	(1,600)
Carrying amount at end	<u>14,716</u>	<u>15,713</u>
Total written down amount	<u>78,949</u>	<u>85,519</u>

### c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

### Note 15 Right-of-use assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.



# Notes to the financial statements (continued)

## Note 15 Right-of-use assets (continued)

a) Carrying amounts	Note	2020 \$	2019 \$
<i>Leased land and buildings</i>			
At cost		601,208	-
Less: accumulated depreciation		(529,713)	-
		<u>71,495</u>	<u>-</u>
<b>b) Reconciliation of carrying amounts</b>			
<i>Leased land and buildings</i>			
Initial recognition on transition	3d)	601,207	-
Accumulated depreciation on adoption	3d)	(490,716)	-
Depreciation		(38,996)	-
Carrying amount at end		<u>71,495</u>	<u>-</u>

## Note 16 Intangible assets

a) Carrying amounts	2020 \$	2019 \$
<i>Franchise fee</i>		
At cost	32,746	32,746
Less: accumulated amortisation	(28,642)	(26,403)
	<u>4,104</u>	<u>6,343</u>
<i>Franchise renewal process fee</i>		
At cost	113,729	113,729
Less: accumulated amortisation	(93,210)	(82,019)
	<u>20,519</u>	<u>31,710</u>
Total written down amount	<u>24,623</u>	<u>38,053</u>
<b>b) Reconciliation of carrying amounts</b>		
<i>Franchise fee</i>		
Carrying amount at beginning	6,343	8,581
Amortisation	(2,239)	(2,238)
Carrying amount at end	<u>4,104</u>	<u>6,343</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	31,710	42,903
Amortisation	(11,191)	(11,193)
Carrying amount at end	<u>20,519</u>	<u>31,710</u>
Total written down amount	<u>24,623</u>	<u>38,053</u>

# Notes to the financial statements (continued)

## Note 16 Intangible assets (continued)

### c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods.

There were no changes in estimates for the current reporting period.

## Note 17 Tax assets and liabilities

### a) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019	Recognised in profit or loss	Recognised in equity	30 June 2020
	\$	\$	\$	\$
<i>Deferred tax assets</i>				
- expense accruals	798	(95)	-	703
- make-good provision	-	(60)	7,206	7,146
- lease liability	-	(18,937)	46,933	27,996
- carried-forward tax losses	86,189	(24,188)	-	62,001
Total deferred tax assets	86,987	(43,280)	54,139	97,846
<i>Deferred tax liabilities</i>				
- property, plant and equipment	10,072	(1,799)	-	8,273
- right-of-use assets	-	(16,610)	35,199	18,589
- finance lease receivable	-	2,684	-	2,684
Total deferred tax liabilities	10,072	(15,725)	35,199	29,546
Net deferred tax assets (liabilities)	76,915	(27,555)	18,940	68,300

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2018	Recognised in profit or loss	Recognised in equity	30 June 2019
	\$	\$	\$	\$
<i>Deferred tax assets</i>				
- expense accruals	770	28	-	798
- carried-forward tax losses	108,377	(22,188)	-	86,189
Total deferred tax assets	109,147	(22,160)	-	86,987
<i>Deferred tax liabilities</i>				
- property, plant and equipment	7,250	2,822	-	10,072
Total deferred tax liabilities	7,250	2,822	-	10,072
Net deferred tax assets (liabilities)	101,897	(24,982)	-	76,915

# Notes to the financial statements (continued)

## Note 18 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities	2020 \$	2019 \$
Trade creditors	2,563	10,915
Other creditors and accruals	26,055	20,704
	<u>28,618</u>	<u>31,619</u>
b) Non-current liabilities		
Other creditors and accruals	-	14,874
	<u>-</u>	<u>14,874</u>

## Note 19 Loans and borrowings

a) Current liabilities	2020 \$	2019 \$
Chattel mortgage	-	7,225
	<u>-</u>	<u>7,225</u>
b) Non-current liabilities		
Chattel mortgage	-	10,242
	<u>-</u>	<u>10,242</u>

Following the adoption of AASB 16, the company has grouped its 'Chattel mortgage' previously recognised in 'loans and borrowings' in 'lease liabilities'.

## c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2020		30 June 2019	
			Face value	Carrying value	Face value	Carrying value
Chattel mortgage	5.4%	2021	-	-	17,467	17,467

## Note 20 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight where appropriate.

# Notes to the financial statements (continued)

## Note 20 Lease liabilities (continued)

### Lease portfolio

Prior to 30 June 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. As a result, finance leases which were previously disclosed as loans and borrowings have been reclassified to lease liabilities upon adoption.

The company's lease portfolio includes:

- Branch premises                      A non-cancellable term of five years commencing December 2006 plus an option for renewal already exercised of ten years and five months. While there is a further option of five years available, there is not sufficient certainty regarding its exercise to take it to account at this time.
- Motor vehicle                          The finance lease for a bus for Dicky Beach Surf Club, which commenced in November 2016, is a five-year lease.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

### a) Lease liability measurement

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

<i>Lease liabilities on transition</i>	<b>Note</b>	<b>2020</b> <b>\$</b>	<b>2019</b> <b>\$</b>
Initial recognition on AASB 16 transition	3d)	170,667	-
Additional lease liabilities recognised		17,467	-
Remeasurement adjustments		(5,377)	-
Lease payments - interest		6,932	-
Lease payments		(71,771)	-
		<u>117,918</u>	<u>-</u>

### b) Current lease liabilities

Property lease liabilities	59,158	-
Unexpired interest	(4,098)	-
	<u>55,060</u>	<u>-</u>
Motor Vehicle lease liabilities	7,958	-
Unexpired interest	(341)	-
	<u>7,617</u>	<u>-</u>
Total current lease liabilities	<u>62,677</u>	<u>-</u>

## Notes to the financial statements (continued)

### Note 20 Lease liabilities (continued)

c) Non-current lease liabilities	2020 \$	2019 \$
Property lease liabilities	53,779	-
Unexpired interest	(1,162)	-
	<u>52,617</u>	<u>-</u>
Motor Vehicle lease liabilities	2,652	-
Unexpired interest	(28)	-
	<u>2,624</u>	<u>-</u>
Total non-current lease liabilities	<u>2,624</u>	<u>-</u>
Total lease liabilities	<u>55,241</u>	<u>-</u>
d) Maturity analysis		
- Not later than 12 months	67,116	-
- Between 12 months and 5 years	56,431	-
- Greater than 5 years	-	-
	<u>123,547</u>	<u>-</u>
Total undiscounted lease payments	<u>123,547</u>	<u>-</u>
Unexpired interest	(5,629)	-
	<u>117,918</u>	<u>-</u>
Present value of lease liabilities	<u>117,918</u>	<u>-</u>

### e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

#### Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is an increase in profit after tax of \$22,832.

	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
Profit or loss - increase (decrease) in expenses			
- Occupancy and associated costs	71,771	(71,771)	-
- Depreciation and amortisation expense	-	38,996	38,996
- Finance costs	-	1,283	1,283
	<u>71,771</u>	<u>(31,492)</u>	<u>40,279</u>
Decrease in expenses - before tax	<u>71,771</u>	<u>(31,492)</u>	<u>40,279</u>
- Income tax expense / (credit) - current	(19,737)	19,737	-
- Income tax expense / (credit) - deferred	-	(11,077)	(11,077)
	<u>52,034</u>	<u>(22,832)</u>	<u>29,202</u>
Decrease in expenses - after tax	<u>52,034</u>	<u>(22,832)</u>	<u>29,202</u>

# Notes to the financial statements (continued)

## Note 21 Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

### a) Non-current liabilities

	2020 \$	2019 \$
Make-good on leased premises	27,485	-
	<u>27,485</u>	<u>-</u>

### b) Make-good provision

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term.

The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings as well as cost to remedy any damages caused during the removal process.

Provision	Note	2020 \$	2019 \$
Face-value of make-good costs recognised	3d)	30,000	-
Present value discounting	3d)	(3,798)	-
Present value unwinding		1,283	-
		<u>27,485</u>	<u>-</u>

### c) Changes in estimates

During the financial year, the company re-assessed the lease agreement with respect to the make-good and restoration clauses. The estimated costs were revised with respect to an analysis of restoration costs of bank branches completed by Bendigo Bank's property team. The provision was previously assessed as nil or immaterial with no provision recognised in the accounts.

The lease is due to expire on 30 April 2022 at which time it is expected the face-value costs to restore the premises will fall due.

## Note 22 Issued capital

### a) Issued capital

	2020		2019	
	Number	\$	Number	\$
Ordinary shares - fully paid	782,171	782,171	782,171	782,171
Less: equity raising costs	-	(30,994)	-	(30,994)
	<u>782,171</u>	<u>751,177</u>	<u>782,171</u>	<u>751,177</u>

### b) Rights attached to issued capital

#### Ordinary shares

#### Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community bank branch have the same ability to influence the operation of the company.

#### Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

# Notes to the financial statements (continued)

## Note 22 Issued capital (continued)

### b) Rights attached to issued capital (continued)

#### Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

#### Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 247. As at the date of this report, the company had 264 shareholders (2019: 263 shareholders).

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

## Note 23 Accumulated losses

	Note	2020 \$	2019 \$
Balance at beginning of reporting period		(403,551)	(441,155)
Adjustment for transition to AASB 16	3d)	(49,933)	-
Net profit after tax from ordinary activities		56,751	64,980
Dividends provided for or paid	28a)	(27,376)	(27,376)
Balance at end of reporting period		(424,109)	(403,551)

## Notes to the financial statements (continued)

### Note 24 Reconciliation of cash flows from operating activities

	2020 \$	2019 \$
Net profit after tax from ordinary activities	56,751	64,980
Adjustments for:		
- Depreciation	46,210	7,173
- Amortisation	13,430	13,431
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(15,689)	5,826
- (Increase)/decrease in other assets	27,554	38,504
- Increase/(decrease) in trade and other payables	7,776	(19,920)
- Increase/(decrease) in provisions	1,283	-
Net cash flows provided by operating activities	<u>137,315</u>	<u>109,994</u>

### Note 25 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2020 \$	2019 \$
<b>Financial assets</b>			
Trade and other receivables	13	29,644	19,410
Lease receivables	13	7,644	-
Cash and cash equivalents	12	213,723	182,790
		<u>251,011</u>	<u>202,200</u>
<b>Financial liabilities</b>			
Trade and other payables	18	2,563	10,915
Chattel Mortgage	19	-	17,467
Lease liabilities	20	117,918	-
		<u>120,481</u>	<u>28,382</u>

### Note 26 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2020 \$	2019 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	4,800	4,600
	<u>4,800</u>	<u>4,600</u>
<i>Non audit services</i>		
- Taxation advice and tax compliance services	600	4,650
- General advisory services	2,470	-
- Share registry services	3,225	3,200
	<u>6,295</u>	<u>7,850</u>
Total auditor's remuneration	<u>11,095</u>	<u>12,450</u>



# Notes to the financial statements (continued)

## Note 27 Related parties

### a) Details of key management personnel

The directors of the company during the financial year were:

John Colin Rose  
Edward John Hall  
Robert Bruce Campbell  
Amanda Louise Zinn  
Ann Elizabeth Sutherland  
William Eykman  
Katie Wilkie  
Elizabeth Mary Taylor  
Matthew Schmidt  
Hendrik Willem Reinking  
Bruce Martin Eldridge

### b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

### c) Related party transactions

No director or related entity has entered into a material contract with the company.

## Note 28 Dividends provided for or paid

### a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2020		30 June 2019	
	Cents	\$	Cents	\$
Unfranked dividend	3.5	27,376	3.5	27,376
Total dividends provided for and paid during the financial year	3.5	27,376	3.5	27,376

### a) Franking account balance

	2020	2019
	\$	\$
Franking credits available for future reporting periods	13,907	13,907

# Notes to the financial statements (continued)

## Note 29 Earnings per share

### a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2020 \$	2019 \$
Profit attributable to ordinary shareholders	56,751	64,980
	<b>Number</b>	<b>Number</b>
Weighted-average number of ordinary shares	782,171	782,171
	<b>Cents</b>	<b>Cents</b>
Basic and diluted earnings per share	7.26	8.31

## Note 30 Commitments

### a) Lease commitments

Following the adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can be found in 'Lease liabilities' (Note 20).

	2020 \$	2019 \$
Operating lease commitments - lessee		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	-	64,535
- between 12 months and 5 years	-	123,693
Minimum lease payments payable	-	188,228
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	-	7,958
- between 12 months and 5 years	-	10,610
Minimum lease payments	-	18,568
Less future finance charges	-	(1,101)
Present value of minimum lease payments	-	17,467

### b) Other commitments

The company has no other commitments contracted for which would be provided for in future reporting periods.

## Note 31 Contingencies

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

## Note 32 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

# Directors' declaration

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In accordance with a resolution of the directors of Caloundra City Community Support Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable 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.



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John Colin Rose, Chairman

Dated this 25th day of September 2020

# Independent audit report

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Chartered Accountants

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PO Box 454, Bendigo 3552  
03 5443 0344  
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## Independent auditor's report to the members of Caloundra City Community Support Services Limited

### Report on the audit of the financial report

#### Our opinion

In our opinion, the accompanying financial report of Caloundra City Community Support 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 financial performance for the year ended; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### What we have audited

Caloundra City Community Support Services Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of financial position
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

#### 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.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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 (including Independence Standards)* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.



The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

#### **Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation of the financial report that it 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 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 cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibility 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated: 25 September 2020

**Joshua Griffin**  
Lead Auditor

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