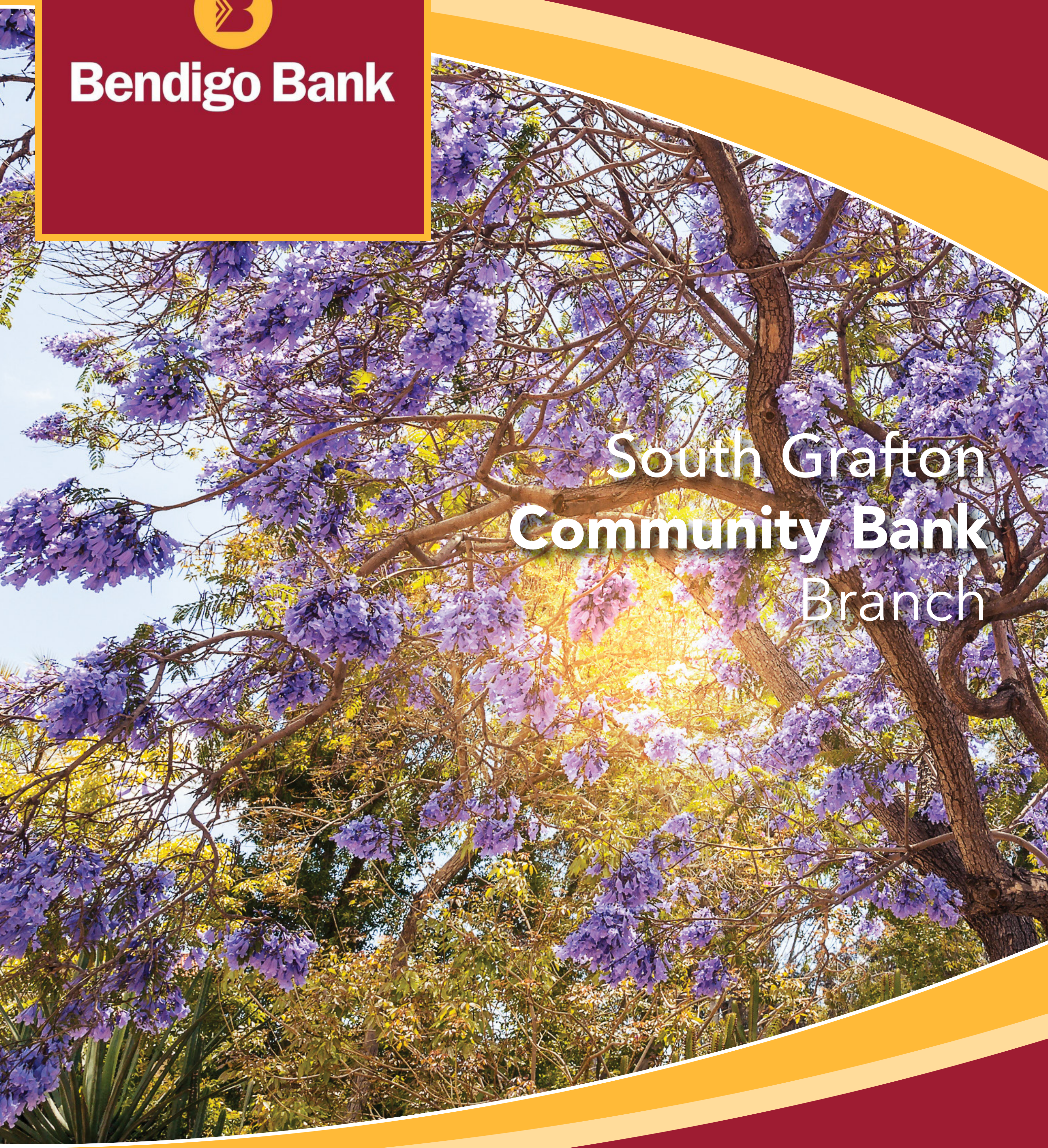
Bendigo Bank

Clarence Valley Community Financial Services Limited
ABN 35 093 945 370



South Grafton **Community Bank** Branch

2020 Annual Report

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Reports

Chairman’s report

In the 2019/20 financial year the underlying financial position of the **Community Bank** branch remains solid. Revenue was steady at $1.097M (2019: $1.018M). Expenses were similar compared to the previous year with the operating profit before charitable donations, sponsorships and tax of $348,605 (2019: $289,828). Charitable donations and sponsorships were greater at $93,610 (2019: $28,930). The after tax profit was comparable at $190,423 (2019: $192,206). Earnings per share were lower at 38.99¢ (2019: 51.51¢). Shareholder equity has increased to $1.364M (2019: $1.234M). We maintained a steady dividend at 8¢ per share.

Mark Hunting and his team of Corey Rodgers, Jenny Dutton, Lu Milligan, Vicki Hageman, Debby Thompson, Briony Rediger and Lee Devine together with our most recent employee Noemi Beckman have continued their determined work providing a friendly, efficient and customer focused service. I also thank the staff for their continued dedication to the business and the underlying philosophy of the **Community Bank** model. Lee Devine has recently resigned and we thank her for her services.

Each year the **Community Bank** provides donations sponsorship for community organizations including cultural and sporting groups. In 2020 the Community Bank donated $55,000 to Grafton Hospital to assist in the purchase of urological surgical equipment. Previously such equipment was required to be borrowed from Lismore Hospital when the urology list was to be performed. This donation was in keeping with the community service obligation inherent in the **Community Bank** model the purpose of which is to strengthen our community and build its resilience.

We now approach our 20th anniversary with the branch having opened in December 2000. The return of banking services to the South Grafton community was a momentous event and over the two decades the **Community Bank** branch has become an important component of the Clarence Valley. It contributes much more than banking services and has been and continues to be instrumental in assisting many local organizations deliver their critical contribution to the success of our community. The **Community Bank** model is grounded in and part of the essential fabric of our community. Loyal customer support and advocacy allows this to continue.

Looking forward, banking services are evolving to meet the challenges of our times whether it be the changes brought about by technological advancements, movement in customer habits and preferences or the uncertainties occasioned by COVID19. Change brings challenges and change is to be expected and we adapt to meet the challenges. However, you can depend on the **Community Bank** delivering banking services responsive to the customer’s needs and its continued support of community organizations.

I thank my fellow Board members for their contribution to the voluntary work of the Board over the past 12 months.

Peter James
Chairman

Manager's Report – Year ended 30 June 2020.

As our 20th full year of business ends, we reflect on our continued strength with what has been another solid performance for us. We have continued to consolidate our position as a valued Community Bank in the Clarence Valley and continue in our ongoing support of our Community at the same time.

The finance industry continues to face constant change. This is reflected in the way that we do our banking. Our challenge is to continue to find ways of how to support this change, provide a valued service, and continue to meet the needs of our customers.

Completing our 16th year of profit, our book has grown now to over $162 Million. Considering local market conditions have weathered drought, bushfires and then Covid in this financial year, we have done remarkably well. Together with a stressed global and national economy, it is considered a very solid result. Our market share remains sound, and we continue to welcome and explore new business opportunities whenever they arise.

As of 30 June 2020, customer numbers remain steady at 2,701. Staff completed 27,267 across counter transactions, an average of 524 per week.

This year saw us continue to extend our footprint in the Sydney area via our mobile lender Corey Rodgers. Corey continues to write business for us in a market space that we would normally have trouble accessing and he has continued to make a solid contribution to our overall results again this year.

As we welcome our newest staff member in Noemi Beckman who has just commenced with us, we also say farewell to Lee Devine who worked as our Community Liaison Officer. The Board and our team wish Lee well and thank her for her contribution in fulfilling this newly created role. I would also like to thank my existing team of dedicated staff of Jenny, Lu, Vicki, Debby and Briony who continue to provide a high standard of service in a happy, caring, and friendly environment. Our dedicated business banking team of Lauren Smith and Anna Moneva continue to support our business banking needs. Collectively, it is this complete level of service that helps set us apart from our competition.

I would also like to personally thank the continued dedication and support of the Directors, and the ongoing loyalty and support of shareholders and customers. Together, their support is highly valued and is the key to the ongoing success of this business.

We continue to be involved with many different sponsorships throughout the Clarence Valley. Too many to mention individually, this year we have put back $93,610 into our local community via school groups, sporting groups / clubs, cultural and community associations. Our major contribution this year was to the Grafton Base Hospital with a $55,000 given towards the establishment of Renal Unit in Grafton. This amount adds to our total of over $647,000 since our inception given back to the Community. This has been a remarkable effort.

It is because of this **Community Bank** model and our customers who support and bank with us that we can continue to assist these organisations within the community. Again, I thank the more than 2,700 customers who have made this return of capital to the community possible.

Mark Hunting
Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

Mark Cunneen

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Treasurer's report

Year Ended 30 June 2020

As the table below indicates the 2019/20 financial year shows an improved profit after tax compared with the previous years. It is a good result.

	2020	2019	2018	2017	2016
	$	$	$	$	$
Revenues	1,097,042	1,018,475	1,026,286	887,183	732,652
Employee Expenses	563,792	549,816	539,471	552,765	444,745
Depreciation/Amortisation	29,529	15,279	13,149	30,487	32,981
Other Expenses	155,116	163,552	173,941	188,813	177,460
Charitable Donations & Sponsorships	93,610	28,930	75,953	11,603	21,967
Profit After Tax	190,423	192,206	164,031	98,202	51,857

Some comments can be made:-

1. It has been an extraordinary year for individuals, families, and businesses – with major fires, floods, drought and 'the pandemic'. It has prompted many to reappraise the 'way we operate' and some of the essential temporary changes may well lead to permanent changes. The Federal and State Government have assisted in an unprecedented fashion with major financial assistance and the normal national budgets have been set aside. It remains to be seen whether the massive stimulation package will lead to increased private investment at family levels and at industry levels. The optimists would be anticipating major industry initiatives in manufacturing, energy and the environment.
2. The **Community Bank** continues to operate in a very low interest and subdued economic environment. However, with increased local and metropolitan efforts from the Manager, Staff, and Mobile Lender our revenues have been steady over the last three years. Employment costs have marginally increased and most other costs have been contained.
3. The Board has continued to be very prudent in its decision making process. It is very aware of the risk capital shareholders contributed at the establishment of our **Community Bank** and a priority is to enhance that investment.
4. Charitable Donations and Sponsorships increased significantly this year as a result a major contribution of $55,000 to assist Grafton Base Hospital in establishing a Renal Unit.
5. The company's balance sheet shows the company is in a strong financial position. As at 30 June 2020 the company had Cash of $243,234, Term Deposits of $512,234 and a Portfolio of Listed Shares of $627,361 (market value) Total Liabilities were $164,021. The Board is very aware of the volatility of the share market and the fluctuations which can occur in share prices. Accordingly investments made in assets other than Cash and Term Deposits are made with a long term horizon/perspective.
6. Subsequent to 30 June 2020 the company renewed its long term lease of its premises and is in the process of renewing its long term franchise agreement with Bendigo and Adelaide Bank Ltd.

It is unlikely buoyant economic conditions will rapidly emerge. The challenge for the company is therefore to concentrate on what we do well and manage the company in a prudent way. The company is currently financially stable and the Board has maintained the dividend rate it has declared over many years.

The message to all is to encourage friends and neighbours to use the only Community owned bank in the Valley.

Derek W Alden B.Econ (Syd) FCA
Treasurer

Audited Financial Statements

Clarence Valley Community Financial Services Limited
ABN 35 093 945 3709
Directors' report

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

Directors

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

Directors	Details	
Peter James		
Position	Chairman	Director since 11/08/2000
Professional qualifications	B. Juris, LLB	
Experience and expertise	Director - Naupe Holdings Pty Ltd, GSD Distributors Pty Ltd, Solicitor in private practice since 1978. Former councillor of Grafton City Council	

Derek Alden		
Position	Director	Director since 11/08/2000
Professional Qualifications	B. Econ (Syd) F.C.A. JP	
Experience and expertise	Many years Principal of Chartered Accountancy practice. Treasurer since commencement of the	

Mervyn Smidt		
Position	Director	Director Since 15/09/2003
Professional qualifications	Motor Engineer	
Experience and expertise	Director - Smidt Holdings Pty Ltd; Treasurer - South Grafton Neighbourhood Watch; Board member and committee member of several community groups	

Anthony Wade		
Position	Director	Since 11/08/2000
Professional qualifications	Chef, Arborist	
Experience and expertise	Self employed for majority of working life. Former Councillor in local government.	

Brian Heath		
Position	Director	Since 05/06/2008 Resigned 1 January 2020
Professional qualifications	Bachelor of Science, Diploma in Education	
Experience and expertise	Principal of a Secondary School (6 years); Youth Director Grafton Rotary Club (4 years)	

Karen Toms		
Position	Director	Since 08/03/2012
Professional qualifications	Certificate IV Business Administration	
Experience and expertise	Councillor - Clarence Valley Council; Director - JKT & Sons Pty Ltd; Member & Chair of numerous Clarence Valley Council and external organisations advisory committees	

Tania Williams		
Position	Director	Since 14/04/2016
Professional qualifications	B Arts; Grad Cert Leadership	
Experience and expertise	Experience in the media and education sectors. Substantial small business experience, hospitality and event management.	

Allan Morgan		
Position	Director	Since 22/11/2018
Professional qualifications	Diploma of Agriculture - Agronomy; Farmer; JP	
Experience and expertise	Past President of the Clarence Pastoral & Agricultural Society; Over 30 years experience in the Rural Agribusiness Sector. Lifetime involvement in the Beef Cattle industry	

Patricia Strong		
Position	Director	Since 15/04/2019
Professional qualifications	PhD Accounting Research MBA; BSSc (hons); GCULT; Fellow of GIA, member of CPA, AICD, BPW	
Experience and expertise	Former lecturer at UNSW. Various management and accounting roles. Active in local community groups wherever she has lived.	

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	A	B
Peter James	11	10
Derek Alden	11	11
Mervyn Smidt	11	11
Anthony Wade	11	8
Brian Heath	6	4
Karen Toms	11	8
Tania Williams	11	7
Allan Morgan	11	11
Patricia Strong	11	2

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

Peter James has been the Company Secretary of Clarence Valley Community Financial Services Limited since 2020.
His qualifications and experience include; Director - Naupe Holdings Pty Ltd, GSD Distributors Pty Ltd, Solicitor in private practice since 1978. Former councillor of Grafton City Council.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $163,249 (2019 profit: $215,681), which is a 24.3% decrease as compared with the previous year.

New Accounting Standards Implemented

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

COVID-19 Impact on Operations

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, The Company has determined that these events have not required any specific adjustments within the financial report. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as any impact on the financial position and results of the Company for future periods. As a Community Bank the company has a franchise agreement with Bendigo & Adelaide Bank Ltd. During the pandemic there has not been a signifcant decrease in income streams. No major changes have been required in operating structures.

Dividends

A fully franked final dividend of 8 cents per share was declared and paid during the year for the year ended 30 June 2020. No dividend has been declared or paid for the year ended 30 June 2021 as yet.

Options

No options

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

No matters or

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 5 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Grafton on 23 October 2020

Loans to key management personnel

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

Signed in accordance with a resolution of the Board of Directors at Grafton on 23 October 2020.

Peter James
Chairman

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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admin@rsdaudit.com.au
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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Clarence Valley Community Financial Services Limited

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

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

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

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 23 October 2020

Clarence Valley Community Financial Services Limited
ABN 35 093 945 370
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	1,097,042	1,018,475
Expenses			
Employee benefits expense	3	(563,792)	(549,816)
Depreciation and amortisation	3	(29,529)	(15,279)
Administration and general costs		(88,190)	(91,501)
Occupancy expenses		(32,308)	(35,395)
IT expenses		(22,751)	(23,302)
ATM Costs		(11,867)	(13,354)
		(748,437)	(728,647)
Operating profit before charitable donations and sponsorship		**348,605**	**289,828**
Charitable donations and sponsorship		(93,610)	(28,930)
Profit before income tax		**254,995**	**260,898**
Income tax expense	4	(64,572)	(68,692)
Profit for the year after income tax		**190,423**	**192,206**
Other comprehensive income		(27,174)	23,475
Total comprehensive income for the year		**163,249**	**215,681**
Profit attributable to members of the company		163,249	215,681
Total comprehensive income attributable to members of the company		**163,249**	**215,681**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	20	38.99	51.51

The accompanying notes form part of these financial statements

Clarence Valley Community Financial Services Limited
ABN 35 093 945 370
Statement of Financial Position
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	243,234	435,087
Trade and other receivables	6	94,277	93,237
Financial assets	7	1,139,595	829,246
Other assets	8	6,170	-
Total current assets		**1,483,276**	**1,357,570**
Non-current assets			
Property, plant and equipment	9	2,896	4,730
Right of use assey	9	5,926	-
Intangible assets	10	5,649	16,945
Deferred tax assets	4	30,017	10,165
Total non-current assets		**44,488**	**31,840**
Total assets		**1,527,764**	**1,389,410**
Liabilities			
Current liabilities			
Trade and other payables	12	31,290	32,754
Current tax liability	4	9,026	24,435
Leases	14	5,926	-
Provisions	15	99,046	87,838
Total current liabilities		**145,288**	**145,027**
Non-current liabilities			
Provisions	15	10,106	10,392
Deferred tax liability	4	8,627	-
Total non-current liabilities		**18,733**	**10,392**
Total liabilities		**164,021**	**155,419**
Net assets		**1,363,743**	**1,233,991**
Equity			
Issued capital	16	418,708	418,708
Retained earnings	17	830,023	673,097
Reserves	19	115,012	142,186
Total equity		**1,363,743**	**1,233,991**

The accompanying notes form part of these financial statements

Clarence Valley Community Financial Services Limited
ABN 35 093 945 370
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2019		**418,708**	**673,097**	**142,186**	**1,233,991**
Comprehensive income for the year					
Profit for the year		-	190,423	-	190,423
Other comprehensive income for the year		-	-	(27,174)	(27,174)
		-	**190,423**	**(27,174)**	**163,249**
Transactions with owners in their capacity as owners					
Dividends paid or provided	18	-	(33,497)	-	(33,497)
Balance at 30 June 2020		418,708	830,023	115,012	1,363,743
Balance at 1 July 2018 (reported)		**418,708**	**514,388**	**100,000**	**1,033,096**
Change due to the adoption of AASB 9		-	-	18,711	18,711
Balance at 1 July 2018 (restated)		**418,708**	**514,388**	**118,711**	**1,051,807**
Comprehensive income for the year					
Profit for the year		-	192,206	-	192,206
Other comprehensive income for the year		-	-	23,475	23,475
		-	**192,206**	**23,475**	**215,681**
Transactions with owners in their capacity as owners					
Dividends paid or provided	20	-	(33,497)	-	(33,497)
Balance at 30 June 2019		418,708	673,097	142,186	1,233,991

The accompanying notes form part of these financial statements

Clarence Valley Community Financial Services Limited
ABN 35 093 945 370
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,097,572	1,088,899
Payments to suppliers and employees		(843,679)	(827,070)
Dividends received		20,606	10,658
Interest received		9,667	26,003
Income tax paid		(88,479)	(81,751)
Net cash flows provided by operating activities	21b	**195,687**	**216,739**
Cash flows from investing activities			
Proceeds from sale of investments		2,605	283,856
Purchase of property, plant and equipment		-	(3,044)
Purchase of investments		(340,179)	(116,124)
Net cash flows from/(used in) investing activities		**(337,574)**	**164,688**
Cash flows from financing activities			
Repayment of lease liabilities		(16,469)	-
Dividends paid		(33,497)	(33,497)
Net cash flows used in financing activities		**(49,966)**	**(33,497)**
Net increase/(decrease) in cash held		**(191,853)**	**347,930**
Cash and cash equivalents at beginning of financial year		435,087	87,157
Cash and cash equivalents at end of financial year	21a	**243,234**	**435,087**

The accompanying notes form part of these financial statements

These financial statements and notes represent those of Clarence Valley Community Financial Services Limited (the Company) as an individual entity.
Clarence Valley Community Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 23rd October 2020.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank® branch at South Grafton.

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

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

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

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

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

Impairment

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

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

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

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

AASB 16 *Leases*

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

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

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

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

1. Summary of significant accounting policies (continued)

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

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

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

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.5%.

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

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

Total operating lease commitments disclosed at 30 June 2019	23,331
Recognition exemptions:	
• leases of low value assets	-
• leases with remaining lease terms of less than 12 months	-
Variable lease payments not recognised	-
Other minor adjustments relating to commitment disclosures	-
Operating lease liabilities before discounting	**23,331**
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	22,325

	$
Lease liability as at 1 July 2019	22,325
Represented by:	
Current lease liabilities	16,399
Non-current lease liabilities	5,926
	22,325

Adjustments recognised in the balance sheet on 1 July 2019

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

	30 June 2020 $	1 July 2019 $
Properties	5,926	22,325
Total right-of-use assets	**5,926**	**22,325**

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

Balance sheet item	Effect	Amount
Property, plant and equipment	Increase	22,325
Lease liabilities	Increase	22,325

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies

Accounting policy applicable from 1 July 2019

The Company as a lessee

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Accounting policy applicable before 1 July 2019

The Company as a lessee

Finance leases

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

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

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

Operating leases

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

Impact of standards issued but not yet applied by the entity

AASB 17 Insurance Contracts

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

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

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

AASB 1059 Service Concession Arrangements: Grantors

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

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

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

2. Revenue

	2020 $	2019 $
Revenue		
- service commissions	1,020,435	988,839
	1,020,435	988,839
Other revenue		
- interest received	9,667	18,978
- other revenue	66,940	10,658
	76,607	29,636
Total revenue	**1,097,042**	**1,018,475**

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

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

Interest, dividend and other income
Interest income is recognised on an accrual basis using the effective interest rate method.

Dividend and other revenue is recognised when the right to the income has been established.
All revenue is stated net of the amount of goods and services tax (GST).

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

Core Banking Products
Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given. The core banking products, as at the end of the financial year included: Credit Cards; Personal Loans; Residential Loans; Transaction Accounts; Savings Accounts and; Term Deposit Accounts

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

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

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

2. Revenue (continued)

Discretionary Financial Contributions

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

Form and Amount of Financial Return

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

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

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

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

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

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

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

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

3. Expenses

	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	484,821	468,823
- superannuation costs	44,429	43,482
- other costs	34,542	37,511
	563,792	549,816
Depreciation and amortisation		
Depreciation		
- plant and equipment	-	-
- furniture and fittings	1,834	3,982
- right of use	16,399	-
	18,233	3,982

	2020 $	2019 $
Amortisation		
- franchise fees	11,296	11,297
Total depreciation and amortisation	29,529	15,279
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	5,085	5,180
	5,085	5,180

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

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

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

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

Class of asset	*Rate*	*Method*
Leasehold improvements	20%	Straight line
Furniture & Fittings	5-30%	Diminishing value
Franchise Fees	20%	Straight line

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

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

4. Income tax

	2020	2019
	$	$
a. The components of tax expense comprise:		
Current tax expense	73,210	78,742
Deferred tax expense	(3,091)	(5,836)
Recoupment of franking credits	(5,547)	(4,214)
	64,572	**68,692**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2019: 27.5%)	68,598	71,747
Add tax effect of:		
- Less imputation credits	(5,547)	(4,214)
- Tax effect on franking credits	1,520	1,159
Income tax attributable to the entity	**64,572**	**68,692**
The applicable weighted average effective tax rate is:	28.50%	26.33%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	24,435	31,659
Income tax paid	(83,072)	(81,752)
Current tax	73,210	78,742
Franking Credits	(5,547)	(4,214)
	9,026	**24,435**
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Employee provisions	30,017	27,013
	30,017	**27,013**
Deferred tax liabilities comprise:		
Accrued income	829	847
Listed investments	7,798	16,001
	8,627	16,848
Net deferred tax asset	**21,390**	**10,165**
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(3,045)	(3,904)
(Decrease) / increase in deferred tax liabilities	(8,221)	(1,932)
Under / (over) provision prior years	-	16,001

4. Income tax (continued)

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

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

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

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:
- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction which:
    - is not a business combination; and
    - at the time of the transaction, affects nether accounting profit nor taxable profit (tax loss).

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

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

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

5. Cash and cash equivalents

	2020	2019
	$	$
Cash at bank and on hand	243,234	435,087
	243,234	**435,087**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less.

6. Trade and other receivables

	2020	2019
	$	$
Current		
Trade receivables	91,262	90,156
Other receivables	3,015	3,081
	94,277	**93,237**

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

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

Credit risk

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

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

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

6. Trade and other receivables (continued)

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2020	$	$	$	$	$	$
Trade receivables	91,262	91,262	-	-	-	-
Other receivables	3,015	3,015	-	-	-	-
Total	**94,277**	**94,277**	-	-	-	-
2019						
Trade receivables	90,156	90,156	-	-	-	-
Other receivables	3,081	3,081	-	-	-	-
Total	**93,237**	**93,237**	-	-	-	-

7. Financial assets

	2020	2019
	$	$
Amortised cost		
Term deposits	512,234	503,486
Fair value through other comprehensive income		
Listed investments	627,361	325,760
	1,139,595	829,246

The effective interest rate on the bank deposit was 1.55% (2019: 2.28%). These deposits have a term of between 3 and 7 months, maturing between July and December.

(a) Classification of financial assets

The company classifies its financial assets in the following categories:

- amortised cost
- fair value through other comprehensive income (FVTOCI)

Classifications are determined by both:

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

7. Financial assets (continued)

(b) Measurement of financial assets

Financial assets at fair value through other comprehensive income (FVTOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of

(c) Impairment of financial assets

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

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

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

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

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

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

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

(d) Derecognition

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

8. Other assets

	2020	2019
	$	$
Prepaid wages	6,170	-
	6,170	**-**

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

9. Property, plant and equipment

	2020 $			2019 $		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements - at cost	99,823	(99,823)	-	99,823	(99,823)	-
Plant and equipment - at cost	60,077	(56,120)	3,957	59,016	(54,286)	4,730
Total property, plant and equipment	**159,900**	**(155,943)**	**3,957**	**158,839**	**(154,109)**	**4,730**

Plant and equipment

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

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

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

Leased assets

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

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

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

(a) Capital expenditure commitments

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

9. Property, plant and equipment (continued)

(b) Movements in carrying amounts of PP&E

2020	Plant & Equipment $	Total $
Opening carrying value	4,730	4,730
Additions	1,061	1,061
Depreciation	(1,834)	(1,834)
Closing carrying value	**3,957**	**3,957**

2019	Plant & Equipment $	Total $
Opening carrying value	5,668	5,668
Additions	3,044	3,044
Depreciation	(3,982)	(3,982)
Closing carrying value	**4,730**	**4,730**

9. Property, plant and equipment (continued)

(c) Right of use assets

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

Options to extend or terminate
The option to extend or terminate are contained in the property lease of the Company. There were no extension options for equipment leases. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of use asset.

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

	Leased Building $	Total Right of use asset $
Leased Asset	22,325	22,325
Accumulated depreciation	(16,399)	(16,399)
	5,926	**5,926**

Movements in carrying amounts:

	Leased Building $	Total Right of use asset $
Recognised on initial application of AASB 16		
- previously classified as operating leases	22,325	22,325
Depreciation expense	(16,399)	(16,399)
Net carrying amount	**5,926**	**5,926**

9. Property, plant and equipment (continued)

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

	2020 $
Depreciation charge related to right-of-use assets	
Interest expense on lease liabilities	16,399
Short-term leases expense	686
Low value asset leases expense	-

(d) Right of use assets (continued)

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

Total cash outflows for leases	17,085

10. Intangible assets

	2020 At cost $	2020 Accumulated amortisation $	2020 Written down value $	2019 At cost $	2019 Accumulated amortisation $	2019 Written down value $
Franchise fees	56,484	(50,835)	5,649	56,484	(39,539)	16,945
Total intangible assets	**56,484**	**(50,835)**	**5,649**	**56,484**	**(39,539)**	**16,945**

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

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 1 for a description of impairment testing procedures.

Movements in carrying amounts

2020	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	16,945	-	(11,296)	5,649
Total intangible assets	**16,945**	**-**	**(11,296)**	**5,649**

2019	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	28,242	-	(11,297)	16,945
Total intangible assets	**28,242**	**-**	**(11,297)**	**16,945**

11. Financial liabilities

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

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

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

12. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade creditors	190	4,417
Other creditors and accruals	31,100	28,337
	31,290	32,754

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

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

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

14. Leases

	2020 $	2019 $
Current		
Property Leases	5,926	-
	5,926	**-**
Total leases	**5,926**	**-**

The Company has a lease of the ground floor at 62 Skinner Street South Grafton. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend n an index or a rate (such as a lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 9)

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

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

	Minimum lease payments due				
	Within 1 year	1-2 Years	3-5 years	After 5 years	Total
30 June 2020					
Lease payments	5,998	-	-	-	5,998
Finance charges	(72)	-	-	-	(72)
Net present values	**5,926**	**-**	**-**	**-**	**5,926**
30 June 2019					
Lease payments	-	-	-	-	-
Finance charges	-	-	-	-	-
Net present values	**-**	**-**	**-**	**-**	**-**

Lease payments not recognised as a liability

15. Provisions

	2020 $	2019 $
Current		
Employee benefits	99,046	87,838
Non-current		
Employee benefits	10,106	10,392
Total provisions	**109,152**	**98,230**

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

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

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

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

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

16. Share capital

	2020 $	2019 $
418,708 Ordinary shares fully paid	418,708	418,708
	418,708	**418,708**

Ordinary shares are classified as equity.

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

16. Share capital (continued)

(a) Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	418,708	418,708
Shares issued during the year	-	-
At the end of the reporting period	418,708	418,708

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

(b) Capital management

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

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

(i) the Distribution Limit is the greater of:
 (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
 (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

17. Retained earnings

	2020 $	2019 $
Balance at the beginning of the reporting period	673,097	514,388
Profit for the year after income tax	190,423	192,206
Dividends paid	(33,497)	(33,497)
Balance at the end of the reporting period	830,023	673,097

18. Dividends paid or provided for on ordinary shares

	2020 $	2019 $
Dividends paid or provided for during the year		
Interim and/or final fully franked ordinary dividend of 8 cents per share (2019: 8 cents) franked at the tax rate of 27.5% (2019: 27.5%).	33,497	33,497

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

19. Reserves

	2020 $	2019 $
Asset revaluation reserve		
Balance at the beginning of the reporting period	100,000	100,000
Fair value movements during the period	15,012	42,186
Balance at the end of the reporting period	**115,012**	**142,186**

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

20. Earnings per share

	2020 $	2019 $
Basic earnings per share (cents)	38.99	51.51
Earnings used in calculating basic earnings per share	163,249	215,681
Weighted average number of ordinary shares used in calculating basic earnings per share	418,708	418,708

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

Clarence Valley Community Financial Services Limited
ABN 35 093 945 370
Notes to the Financial Statements
for the year ended 30 June 2020

21. Statement of cash flows

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

	2020 $	2019 $
Cash and cash equivalents (Note 5)	243,234	435,087
As per the Statement of Cash Flow	243,234	435,087

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

	2020	2019
Profit for the year after income tax	190,423.00	192,206
Non-cash flows in profit		
- Depreciation and amortisation	29,529.40	15,279
- Profit on sale of investments	(2,605.00)	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(1,040)	8,175
- (increase) / decrease in prepayments and other assets	(6,170)	-
- (Increase) / decrease in deferred tax asset	(8,499)	(5,836)
- Increase / (decrease) in trade and other payables	(1,464)	(59)
- Increase / (decrease) in current tax liability	(15,409)	(7,224)
- Increase / (decrease) in provisions	10,922	14,198
Net cash flows from operating activities	195,687	216,739

22. Key management personnel and related party disclosures

(a) Key management personnel

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

Apart from the related party payments detailed below, no director received any remuneration from the company during the financial year.

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

(b) Other related parties

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

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods / services provided	Value $
Small Maxwell Pty - Derek Alden	*Accounting / Share Registry Services*	*20,992*

The Clarence Valley Community Financial Services Limited have not accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package.

22. Key management personnel and related party disclosures (continued)

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

23. Events after the reporting period

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

24. Contingent liabilities and contingent assets

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

25. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Clarence Valley, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 93% of the revenue (2019: 99%).

26. Commitments

(a) Operating lease commitments

	2020 $	2019 $
Payable:		
- no later than 12 months	-	16,392
- between 12 months and five years	-	6,939
- greater than five years	-	-
Minimum lease payments	-	23,331

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year.

27. Company details

The registered office is Level1, 50 Victoria Street, Grafton NSW and principal place of business is 62 Skinner Street, South Grafton NSW.

28. Financial instrument risk

Financial risk management policies

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

Specific financial risk exposure and management

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

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 9 *Financial Instruments* as detailed in the accounting policies are as follows:

	Note	2020 $	2019 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	243,234	435,087
- Trade and other receivables	6	94,277	93,237
		337,511	528,324
Investments designated as fair value through other comprehensive income:			
- Listed investments	7	627,361	325,760
Total financial assets		**964,872**	**854,084**
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	12	31,290	32,754
- Lease Liabilities	14	5,926	-
Total financial liabilities		**37,216**	**32,754**

(a) Credit risk

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

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

Credit risk exposures

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

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

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

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

28. Financial instrument risk (continued)

(b) Liquidity risk

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

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.
The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability and financial asset maturity analysis:

30 June 2020	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	0.75%	243,234	243,234	-	-
- Trade and other receivables		94,277	94,277	-	-
- Listed investments	2.75%	627,361	627,361	-	-
Total anticipated inflows		964,872	964,872	-	-
Financial liabilities					
- Trade and other payables		31,290	31,290	-	-
- Lease Liabilities		5,926	5,926		
Total expected outflows		37,216	37,216	-	-
Net inflow / (outflow) on financial instruments		927,656	927,656	-	-

(b) Liquidity risk (continued)

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	0.84%	435,087	435,087	-	-
- Trade and other receivables		93,237	93,237	-	-
- Listed investments	2.75%	325,760	325,760	-	-
Total anticipated inflows		854,084	854,084	-	-
Financial liabilities					
- Trade and other payables		32,754	32,754	-	-
- Lease Liabilities		-	-	-	-

28. Financial instrument risk (continued)

(c) Market risk

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

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

Interest rate risk

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

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

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:
- A parallel shift of +/- 0.5% in market interest rates from year-end rates.

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

Other price risk

The company is exposed to other price risk on its listed investment carried at fair value, whereby a change in share prices will affect the fair value of the financial instruments.

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:
- A parallel shift of +/- 3% in equity prices from year-end rates.

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

29. Fair value measurements

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:
- freehold land and buildings
- listed investments

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: *Fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

30. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2020			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Financial assets				
Listed investments	627,361	-	-	627,361
Total financial assets recognised at fair value	627,361	-	-	627,361

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Financial assets				
Listed investments	325,760	-	-	325,760
Total financial assets recognised at fair value	325,760	-	-	325,760

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2019: no transfers).

(b) Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Clarence Valley Community Financial Services Limited
ABN 35 093 945 370
Directors' declaration

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

1. The financial statements and notes, as set out on pages 5 to 39 are in accordance with the *Corporations Act 2001*

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

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

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

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

Peter James
Director

Signed at Grafton on 23 October 2020.

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

In our opinion the accompanying financial report of Clarence Valley Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Director's Responsibility for the Financial Report

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

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

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Auditor's Responsibility for the Audit of the Financial Report

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

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

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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

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

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Other Information

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

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 23 October 2020

Your **Community Bank** branch staff

Mark Hunting
Branch Manager

Jenny Dutton
Customer Relationship Manager

Vicki Hageman
Customer Service Officer

Lee Devine
Customer Service Officer

Judy Hubbard
Snr Customer Service Officer

Lu Milligan
Customer Service Officer

Briony Rediger
Customer Service Officer

Debby Thompson
Customer Service Officer

Corey Rodgers
Mobile Relationship Manager

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