Annual Report 2020

Community Bank Coleambally

Coleambally Finance Group Limited

ABN 52 086 241 509

Contents

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the twenty second ANNUAL GENERAL MEETING of COLEAMBALLY FINANCE GROUP LIMITED will be held at Coleambally Community Club on Thursday, 3 December 2020 at 7.00pm.

AGENDA

1. **Minutes of Annual General Meeting dated 28 November 2019**

2. **Ordinary Business**

Chairman's Report

The Chair, Lynne Stuckings will present her report on the operations of the Company for the year ended 30 June 2020.

Adoption of Accounts

To receive and consider the financial statements and reports to the members comprising:

1. The Profit and Loss accounts for the year ended 30 June 2020 and Balance Sheet of the Company as at 30 June 2020.
2. The Directors' Declaration and Report by auditors for the financial year ended 30 June 2020.
3. The Directors' Report for the financial year ended 30 June 2020.

Election of Directors

To elect two (2) Directors:

Robert Kerr and Lynne Stuckings retire in accordance with the provisions of the constitution and being eligible, may offer to re-elect.

3. **General Business**

To transact any business that may be lawfully brought forward.

By Order of the Board

Lynne Stuckings, Chair

Notes:

1. Robert Kerr and Lynne Stuckings will retire under Section 45 of the Constitution of Coleambally Finance Group Limited and being eligible, may offer to re-elect.
2. As per the company constitution any two members of the company shall be at liberty to nominate any other member to serve as an office-bearer or other Director.
3. Nomination and Consent to Act forms may be collected from Coleambally Community Bank, 1 Brolga Place, Coleambally or the Secretary.
4. Nomination and Consent to Act forms must be lodged with the Secretary by 5.00pm, 19 November 2020.
5. A list of candidates' names in alphabetical order with the nominators' and seconders' names shall be posted in the registered office for at least seven days immediately preceding the Annual General Meeting.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his/her stead. That person need not be a member of the company but should be a natural person over the age of 18 years. Proxy forms will be available once nominations close from the Coleambally Community Bank, 1 Brolga Place, Coleambally or the Secretary and must be lodged at the registered office of the company not less than 48 hours before the timing of the meeting.

Minutes of Annual General Meeting held at Coleambally Community Club, 28 November 2019

Meeting Opened: Adrian Hayes opened the meeting at 7.05pm.

Attendance: As per the official attendance register.

Apologies: Lynne Stuckings, Paul Muir, Chris Noack, Roy Brain, Kevan and Jan Boyle

Previous Minutes: The Minutes of the Annual General Meeting held 22 November 2018 were accepted as true and correct.

Moved: Terry Inglis. Seconded: Rob Kerr. Carried: All in Favour.

Business Arising: Nil

Chair's Report: The Chairman's Report was accepted.

Moved: Chris White. Seconded: Rob Kerr. Carried: All in Favour.

Treasurer's Report: Adrian Hayes presented the Report saying the results show a loss of $27,227 which does not look good however this is after donations and sponsorships of $140,131 and a write down of the buildings in Coleambally. There was a significant difference between the value of buildings in the balance sheet and estimated market value of the buildings. The value of buildings in the balance sheet was made up of cost of purchasing plus the cost of renovations less depreciation. The value of the buildings in the balance sheet has been adjusted to reflect their true value.

Western Riverina Community Financial Services group the partnership between Coleambally and Hillston had a very good result. We are keeping a tight control on expenses, however like everyone else they always keep going up. We see this result as very good and expect a similar result for the current financial year.

Adoption of Accounts:

1. The Profit and Loss Accounts for the year ended 30 June 2019 and Balance Sheet of the Company as at 30 June 2019;
2. The Directors' declaration and report by auditors for the financial year ended 30 June 2019; and
3. The Directors' report for the Financial Year ended 30 June 2019 be accepted.

Moved: Chris White. Seconded: Terry Inglis. Carried: All in Favour.

Election of Directors:

Mary Crowley took the Chair for the election of Directors.

Terry Inglis and Paul Muir will retire under Section 45 of the Constitution of Coleambally Finance Group Limited. Terry Inglis and Paul Muir have offered themselves for re-election. There being no other nominations for the vacant positions they were duly elected without the need for an election.

Adrian Hayes retook the Chair.

Manager's Report: The Manager's Report was accepted.

Moved: Rob Kerr. Seconded: Terry Inglis. Carried: All in Favour

General Business:

- A vote of thanks from the community to the staff who make the bank what it is.
- The environment is tighter now with interest rates at an all-time low.
- Increase the Community Bank model, it's proven to be a good thing, we are supportive.
- Thanks to the Directors for all their support.

Meeting Closed: There being no further business to discuss, Adrian Hayes declared the meeting closed at 7.25 pm.

Chair's report

For year ending 30 June 2020

Coleambally Finance Group Limited have had another successful year despite a challenging time and in a very competitive market with historically low interest. Profit for the year is $161,444.

Our staff, Chris Noack, Mary Crowley, Jessica Walsh, Sarah Hardy, Ralph Twaddell and Chris White are to be commended on a great year and for providing advice and support for our customers as the worldwide COVID-19 pandemic took over.

Thank you also to our pledge holders and customers who have supported us at this time of significant challenges.

The Board is proud of our branch team and their dedication and we thank them for maintaining a very positive presence in our Coleambally, Darlington Point, Jerilderie and Berrigan communities. Together with Rural Bank staff we are a formidable team.

Thank you also to our dedicated volunteer Board members who spend countless hours each year providing governance and guidance for Coleambally Finance Group Limited. Thanks also to Bendigo and Adelaide Bank Limited and the Community Bank network for your continued support.

Community contributions and sponsorships have dropped off considerably this year as community events and sporting programs have been put on hold during the pandemic.

We can only hope that we can navigate our way through this and can return to some semblance of normality and communities begin to thrive once more. Coleambally Finance Group Limited will be at the ready aiming to help this happen.

Lynne Stuckings
Chair

Manager's report

For year ending 30 June 2020

It is my pleasure to report on a successful year for your Community Bank Coleambally which saw overall business growth of $17.4 million in business. At the end of June, total business was $201.5 million. At the end of September business levels were just above $214 million. Business growth continues to exceed our budget forecasts and is driven by agribusiness lending with a portfolio currently at $60.9 million.

Revenue growth was down on budget, due to reducing margins, however this was offset by some planned expenditure being delayed. Income was down about 10% on budget and expenditure was down just over 22% on budget. The result was a profit before tax of $185,032. These results are only made possible by the support of the community of Coleambally and surrounding centres.

The Agencies in Darlington Point, Jerilderie and Berrigan continue to perform well and are providing valuable banking services in these towns. The Hillston and Hay branches, together with the agencies at Lake Cargelligo and Condobolin are performing really well and I must congratulate Paul Lenon, the Manager at Hillston and his team for their hard work.

I would like to thank the branch staff, Mary Crowley, Ralph Twaddell, Jessica Walsh, Sarah Hardy, Chris White and Mark Hately for their hard work and professionalism, without them these results would not be possible. Their dedication makes me very proud and will ensure the success of the Community Bank into the future. Mark Hately is our very hard working Agribusiness Manager.

I must thank the Board of Directors for the way they have handled the challenges the last 12 months has thrown at them. Hopefully the worst is behind us.

Thank you to our contributors and customers for your ongoing support which benefits our communities greatly. Looking back at what we have achieved together during this very challenging year and where we can go in the future with community banking fills me with optimism because there is still so much we can achieve for our communities.

Chris Noack
Manager

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 Coleambally Finance Group Limited during or since the end of the financial year up to the date of this report:

Directors	Details
Lynne Stuckings	Chairperson Farmer, Proprietor Retail Business, Director Cypress View Lodge Limited and Chairperson Chamber of Commerce & Industry Inc.
Kevan Boyle	Post Master (retired)
Adrian Hayes	Agronomist and Director of Coleambally Irrigation Mutual Co-operative Limited.
Robert Kerr	Farmer
Terry Inglis	Rural Financial Counsellor
Paul Muir	District officer NSW Rural Fire Service

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**
Lynne Stuckings	5	4
Kevan Boyle	5	2
Adrian Hayes	5	5
Robert Kerr	5	5
Terry Inglis	5	4
Paul Muir	5	4

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

Chris Noack has been the Company Secretary of Coleambally Finance Group Limited since 2017. Chris's qualifications and experience includes Manager of Coleambally Community Bank since 10 May 1999.

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 $161,444 (2019 loss: $27,227), which is a 763% improvement as compared with the previous year.This is largely due to fair value adjustments for land and buildings in FY19 which increased expenditure by $144,066 and reduced charitable contributions.

New Accounting Standards Implemented

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

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

COVID-19 Impact on Operations

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary interventions to stabilise economic conditions. The Company has found foot traffic in branches has fallen, particularly while the schools were closed. Lending demand was weak. However, customer enquiries for support and account assistance was high. The Company also saw a rise in first home buyer loans, while investor loans have fallen. Operational changes has seen a limit on customers in the branch to maintain social distancing measures,. The Company notes no significant increase in expenses due to the pandemic.

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.

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

The company will continue its policy of providing banking services to the community, however, Coleambally Finance Group Limited is a 60% partner in the Western Riverina Community Financial Services Partnership, a partnership operated with Hillston & District Financial Services Limited . The franchise operations of Hillston & District Financial Services Limited and Coleambally Finance Group Limited are operated jointly by the Western Riverina Community Financial Services Partnership. Each partner records its share of revenue, expenses, assets and liabilities of the partnership. The Boards of Hillston & District Financial Services Limited and Coleambally Finance Group Limited are investigating the dissolution of the partnership in 2020/2021, subject to approval of Bendigo and Adelaide Bank Limited, and continue operations as stand alone entities.

Environmental regulations

The company is not subject to any significant environmental regulation.

Directors' report (continued)

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 9 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 Coleambally on 27 October 2020.

Lynne Stuckings
Director
27/10/2020

Auditor's independence declaration

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

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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors Coleambally Finance Group 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

P. P. Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 29 October 2020

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Coleambally Finance Group Limited
ABN 52 086 241 50
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	1,476,084	1,412,253
Expenses			
Employee benefits expense	3	(744,093)	(708,865)
Depreciation and amortisation	3	(70,946)	(51,782)
Finance costs	3	(28,854)	(28,312)
Bad and doubtful debts expense	3	(6,934)	(4)
Administration and general costs		(162,592)	(148,572)
Occupancy expenses		(55,793)	(31,452)
IT expenses		(35,314)	(34,559)
Motor vehicle expense		(16,930)	(18,387)
Other expenses		(98,618)	(146,327)
		(1,220,074)	(1,168,260)
Operating profit before charitable donations and sponsorship		**256,010**	**243,993**
Fair value adjustments land and buildings		-	(144,066)
Charitable donations and sponsorship		(22,153)	(140,131)
Profit/(loss) before income tax		**233,857**	**(40,204)**
Income tax (expense)/benefit	4	(48,825)	9,034
Profit/(loss) for the year after income tax		**185,032**	**(31,170)**
Other comprehensive income			
Fair value adjustments listed investments		(23,588)	3,943
Total comprehensive income for the year		**161,444**	**(27,227)**
Profit/(loss) attributable to members of the company		161,444	(27,227)
Total comprehensive income attributable to members of the company		**161,444**	**(27,227)**

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited
ABN 52 086 241 50
Statement of Financial Position
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	120	120
Trade and other receivables	6	151,366	125,980
Financial assets	7	38,304	58,509
Other assets	8	10,029	18,736
Total current assets		**199,819**	**203,345**
Non-current assets			
Cash and cash equivalents	5	327,457	327,547
Property, plant and equipment	10	537,645	405,714
Intangible assets	11	50,472	64,568
WRCFS interest	9.	40,100	53,410
Deferred tax assets	4	78,945	69,510
Total non-current assets		**1,034,619**	**920,749**
Total assets		**1,234,438**	**1,124,094**
Liabilities			
Current liabilities			
Trade and other payables	13	110,550	94,214
Current tax liability	4	29,966	24,268
Borrowings	14	89,677	209,360
Leases	15	11,383	-
Provisions	16	137,629	124,791
Total current liabilities		**379,205**	**452,633**
Non-current liabilities			
Borrowings	14	18,544	120,214
Trade and other payables	13	30,133	45,200
Leases	15	139,195	-
Restricted funds	17.	335,950	336,052
Provisions	16	1,442	1,470
Total non-current liabilities		**525,264**	**502,936**
Total liabilities		**904,469**	**955,569**
Net assets		**329,969**	**168,525**
Equity			
Retained earnings	19	350,579	165,547
Reserves	20	(20,610)	2,978
Total equity		**329,969**	**168,525**

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited
ABN 52 086 241 50
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2019		**165,547**	**2,978**	**168,525**
Comprehensive income for the year				
Profit for the year		185,032	-	185,032
Other comprehensive income for the year		-	(23,588)	(23,588)
		185,032	**(23,588)**	**161,444**
Balance at 30 June 2020		**350,579**	**(20,610)**	**329,969**
Balance at 1 July 2018		**196,717**	**(965)**	**195,752**
Comprehensive income for the year				
Profit for the year		(31,170)	-	(31,170)
Other comprehensive income for the year		-	3,943	3,943
		(31,170)	**3,943**	**(27,227)**
Balance at 30 June 2019		**165,547**	**2,978**	**168,525**

The accompanying notes form part of these financial statements

Coleambally Finance Group Limited
ABN 52 086 241 50
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,459,280	1,542,875
Payments to suppliers and employees		(1,109,406)	(1,424,406)
Dividends received		4,800	3,360
Interest paid		(21,795)	(28,312)
Income tax paid		(52,708)	-
Income tax refund		-	1,411
Net cash flows provided by operating activities	21b	**280,171**	**94,928**
Cash flows from investing activities			
Purchase of property, plant and equipment		(38,188)	(4,891)
Purchase of investments		-	(3,360)
Purchase of intangible assets		(15,067)	(5,652)
Sale of property, plant and equipment		7,637	-
Net cash flows used in investing activities		**(45,618)**	**(13,903)**
Cash flows from financing activities			
Proceeds from borrowings		-	167,400
Repayment of borrowings		(121,376)	(300,084)
Repayment of Leases		(480)	23,223
Net cash flows used in financing activities		**(121,856)**	**(109,461)**
Net increase/(decrease) in cash held		**112,697**	**(28,436)**
Cash and cash equivalents at beginning of financial year		147,051	175,487
Cash and cash equivalents at end of financial year	21a	**259,748**	**147,051**

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2020

These financial statements and notes represent those of Coleambally Finance Group Limited.

Coleambally Finance Group Limited ('the company') is a company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 27 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 Coleambally.

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

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

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

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

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.

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.

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

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.

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 5.69%.

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	26,885
Recognition exemptions:	
Variable lease payments not recognised	138,819
Operating lease liabilities before discounting	**165,704**
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	160,483

1. Summary of significant accounting policies (continued)

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

	$
Lease liability as at 1 July 2019	160,483
Represented by:	
Current lease liabilities	58,559
Non-current lease liabilities	101,924
	160,483

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, Plant and Equipment	147,783	160,483
Total right-of-use assets	**147,783**	**160,483**

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/Decrease	160,483
Lease liabilities	Increase/Decrease	160,483

(g) Change in accounting policies

Accounting policy applicable from 1 July 2019

The Company as a lessee

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

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

Measurement and recognition of leases as a lessee

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

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

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.

1. Summary of significant accounting policies (continued)

(g) Change in accounting policies (continued)

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

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

Accounting policy applicable before 1 July 2019
The Company as a lessee
Finance leases
Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

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

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

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

Impact of standards issued but not yet applied by the entity

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

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

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

AASB 1059 Service Concession Arrangements: Grantors
The standard applies to both not-for-profit and for-profit public sector entities that are grantors in a service concession arrangement. These are arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector entity for a specified period of time and managing at least some of those services.

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

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

2. Revenue

	2020 $	2019 $
Revenue		
- service commissions	1,423,037	1,381,890
	1,423,037	1,381,890
Other revenue		
- other revenue	53,047	30,363
	53,047	30,363
Total revenue	**1,476,084**	**1,412,253**

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.

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	618,859	593,090
- superannuation costs	80,525	77,387
- other costs	44,709	38,388
	744,093	708,865
Depreciation and amortisation		
Depreciation		
- buildings	16,834	7,760
- leasehold improvements	14,473	3,182
- plant and equipment	14,405	16,416
- motor vehicles	11,138	9,954
	56,850	37,312
Amortisation		
- franchise fees	13,183	13,557
- establishment costs	913	913
	14,096	14,470
Total depreciation and amortisation	70,946	51,782

3. Expenses (continued)

	2020 $	2019 $
Finance costs		
- Interest paid	28,854	28,312
Bad and doubtful debts expenses	6,934	4
Loss on disposal of property, plant and equipment	2,253	-
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	4,740	5,850
	4,740	5,850

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

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

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

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

Class of asset	*Rate*	*Method*
Buildings	2.5%	Straight line
Leasehold improvements	2.5%	Diminishing value
Plant and equipment	5-66%	Straight line / diminishing value
Motor vehicles	25-30%	Diminishing value
Franchise fees	20%	Straight line
Establishment costs	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	51,773	26,940
Deferred tax expense	(9,436)	(35,547)
Deferred tax recognised in other comprehensive income	6,487	(1,084)
Franking credits	-	(1,440)
Under / (over) provision of prior years	1	2,097
	48,825	**(9,034)**

4. Income tax

	2020 $	2019 $
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 / (loss) before income tax at 27.5% (2019: 27.5%)	64,311	(11,056)
Add tax effect of:		
- Building depreciation	1,141	1,113
- Cashflow Boost	(10,313)	-
- Under / (over) provision of prior years	(6,567)	2,097
- Franking credit gross up	-	(1,440)
- Non-deductible expenses	251	252
Income tax attributable to the entity	**48,823**	**(9,034)**
The applicable weighted average effective tax rate is:	-20.88%	-22.47%
Tax losses carried forward not recognised as deferred tax assets:	-	-
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	24,268	(4,081)
Income tax paid	(51,111)	2,850
Current tax	58,289	26,940
Franking credit offset	(1,450)	(1,441)
	29,996	**24,268**
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Property, plant & equipment	34,104	35,559
Financial assets carried at FVTOCI	5,667	
ROU assets and lease liabilities from AASB 16	769	
Accruals	160	49
Employee provisions	38,245	34,722
	78,945	**70,330**
Deferred tax liabilities comprise:		
Financial assets carried at FVTOCI	-	820
	-	820
Net deferred tax asset	**78,945**	**69,510**
Total carried forward tax losses not recognised as deferred tax assets:	-	-
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(8,615)	(35,942)
(Decrease) / increase in deferred tax liabilities	(820)	820
First time recognition of AASB 16 recognised in equity	6,487	-
Under / (over) provision prior years	-	(425)
Deferred tax recognised in equity	1	(1,084)
	(2,947)	**(36,631)**

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.

4. **Income tax (continued)**

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 $
Current		
Cash at bank and on hand	120	120
	120	**120**
Non-current		
Long-term bank deposits	327,457	327,547
	327,457	**327,547**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position. The company has received pledges (Note 17). A condition of the pledge is the funds must be held separately. There is a General Security Deed over all present and after acquired property granted by WRCFS.

6. **Trade and other receivables**

	2020 $	2019 $
Current		
Trade receivables	143,866	125,951
Other receivables	7,500	29
	151,366	**125,980**

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.

6. Trade and other receivables (continued)

Credit risk (continued)

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

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

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2020	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	143,866	143,866	-	-	-	-
Other receivables	7,500	7,500	-	-	-	-
Total	**151,366**	**151,366**	**-**	**-**	**-**	**-**
2019						
Trade receivables	125,951	125,951	-	-	-	-
Other receivables	28	28	-	-	-	-
Total	**125,979**	**125,979**	**-**	**-**	**-**	**-**

7. Financial assets

	2020 $	2019 $
Fair value through other comprehensive income		
Listed investments	38,304	58,509
	38,304	58,509

(a) Classification of financial assets

The company classifies its financial assets in the following categories:
• 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.

(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 capital.

(c) Impairment of financial assets

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

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

7. **Financial assets (continued)**

(c) Impairment of financial assets (continued)

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 $
Prepayments	9,045	17,825
Security bond	528	528
Other	456	383
	10,029	**18,736**

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. **WRCFS Interest**

	2020 $	2019 $
WRCFS Partnership Distribution	286,002	130,190
WRCFS Employee adjustment period ending 31/12/12	338	338
60% WRCFS Net Assets 30 June 2020 $410,400 (2019: $128,350)	(246,240)	(77,118)
Interest WRCFS Joint Venture	**40,100**	**53,410**

Coleambally Finance Group Limited is a 60% partner in the Western Riverina Community Financial Services Partnership, a partnership operated with Hillston & District Financial Services Limited. The franchise operations of Coleambally Finance Group Limited and Hillston & District Financial Services Limited are operated jointly by the Western Riverina Community Financial Services Partnership. Each partner records its share of revenue, expenses, assets and liabilities of the partnership. The Boards of Coleambally Finance Group Limited and Hillston & District Financial Services Limited are investigating the dissolution of the partnership in 2020/2021, subject to approval of Bendigo and Adelaide Bank Limited, and continue operations as stand alone entities.

10. Property, plant and equipment

	2020 $ At cost / valuation	2020 $ Accumulated depreciation	2020 $ Written down value	2019 $ At cost / valuation	2019 $ Accumulated depreciation	2019 $ Written down value
Land - at fair value	17,796	-	17,796	17,796	-	17,796
Buildings - at fair value	326,493	(16,971)	309,522	166,009	(120)	165,889
Leasehold improvements - at cost	134,204	(25,945)	108,259	134,204	(11,489)	122,715
Plant and equipment - at cost	108,723	(73,487)	35,237	215,175	(145,539)	69,636
Motor vehicles - at cost	226,776	(159,944)	66,832	106,690	(77,012)	29,678
Total property, plant and equipment	**813,992**	**(276,347)**	**537,645**	**639,874**	**(234,160)**	**405,714**

Land and buildings

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Director's valuations to ensure the land and buildings' carrying amount is not materially different to the fair value.

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

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

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

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

10. Property, plant and equipment (continued)

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)

10. Property, plant and equipment (continued)

(b) Movements in carrying amounts of PP&E

2020	Land $	Buildings $	Leasehold Improvements $	Plant & Equipment $	Motor Vehicles $	Total $
Opening carrying value	17,796	165,890	122,717	69,636	29,678	405,716
Adjustment for adoption of AASB 16	-	160,484	-	-	-	160,484
Restated opening net book amount	17,796	326,374	122,717	69,636	29,678	566,200
Additions				11,600	26,585	38,185
Disposals				-	(9,890)	(9,890)
Depreciation	-	(16,834)	(14,473)	(14,405)	(11,138)	(56,850)
Closing carrying value	**35,592**	**635,913**	**230,960**	**136,467**	**64,912**	**537,645**

2019	Land $	Buildings $	Leasehold Improvements $	Plant & Equipment $	Motor Vehicles $	Total $
Opening carrying value	54,000	141,053	266,355	81,161	39,632	582,201
Additions	-	-	-	4,891	-	4,891
Disposals	-	-	-	-	-	-
Transfers	-	140,458	(140,458)	-	-	-
Revaluations	(36,204)	(107,862)	-	-	-	(144,066)
Depreciation	-	(7,760)	(3,182)	(16,416)	(9,954)	(37,312)
Closing carrying value	**17,796**	**165,889**	**122,715**	**69,636**	**29,678**	**405,714**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2020 $
Properties	160,493
Total right-of-use assets	**160,493**

10. 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	160,493	160,493
Accumulated depreciation	(12,701)	(12,701)
	147,792	**147,792**

Movements in carrying amounts:

	Leased Building $	Total Right of use asset $
Recognised on initial application of AASB 16	160,493	160,493
Depreciation expense	(12,701)	(12,701)
Net carrying amount	**147,792**	**147,792**

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

	2020 $
Depreciation charge related to right-of-use assets	(12,701)
Interest expense on lease liabilities	(20,927)

11. Intangible assets

	2020 $ At cost	2020 $ Accumulated amortisation	2020 $ Written down value	2019 $ At cost	2019 $ Accumulated amortisation	2019 $ Written down value
Franchise fees	65,919	(17,578)	48,341	65,919	(4,395)	61,524
Establishment costs	4,566	(2,435)	2,131	4,566	(1,522)	3,044
Total intangible assets	**70,485**	**(20,013)**	**50,472**	**70,485**	**(5,917)**	**64,568**

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

Movements in carrying amounts

2020	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	61,524	-	(13,183)	48,341
Establishment costs	3,044	-	(913)	2,131
Total intangible assets	**64,568**	**-**	**(14,096)**	**50,472**

2019	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	9,162	65,919	(13,557)	61,524
Establishment costs	3,957	.	(913)	3,044
Total intangible assets	**13,119**	**65,919**	**(14,470)**	**64,568**

12. 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.

13. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade creditors	45,925	46,849
Other creditors and accruals	23,160	16,022
GST payable	26,398	16,276
Franchise Fee payable	15,067	15,067
	110,550	**94,214**
Non Current		
Franchise fee payable	30,133	45,200
	30,133	**45,200**

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. Borrowings

	2020 $	2019 $
Current		
Unsecured liabilities		
Bank overdraft	67,829	180,616
Secured liabilities		
Bank loan	12,752	23,980
Finance leases	9,096	4,764
	89,677	**209,360**
Non-current		
Secured liabilities		
Bank loan	93	110,252
Finance leases	18,451	9,962
	18,544	**120,214**
Total borrowings	**108,221**	**329,574**

14. Borrowings (continued)

Loans
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as 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.

(a) Bank overdraft and bank loans
The company has an overdraft facility of $196,050 which is subject to normal commercial terms and conditions.

15. Leases

	2020 $	2019 $
Current		
Property Leases	11,383	-
	11,383	**-**
Non-current		
Property Leases	139,195	-
	139,195	**-**
Total leases	**150,578**	**-**

The Company has leases for properties at 174 High Street Hillston and 186 Lachlan Street Hay. 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 on 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 follows:

	Minimum lease payments due				
	Within 1 year	1-2 Years	3-5 years	After 5 years	Total
30 June 2020					
Lease payments	17,928	17,298	51,894	122,634	209,754
Finance charges	- 6,917	- 7,505	- 17,857	- 26,897	- 59,176
Net present values	**11,011**	**9,793**	**34,037**	**95,737**	**150,578**
30 June 2019					
Lease payments	-	-	-	-	-
Finance charges	-	-	-	-	-
Net present values	**-**	**-**	**-**	**-**	**-**

16. Provisions

	2020 $	2019 $
Current		
Employee benefits	137,629	124,791
Non-current		
Employee benefits	1,442	1,470
Total provisions	**139,071**	**126,261**

16. Provisions (continued)

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.

17. Restricted Funds

	2020 $	2019 $
Pledges	335,950	336,052
	335,950	**336,052**

These are monies contributed at the commencement of the company. There is no maturity date on these pledges. They can only be redeemed if transferred or purchased by a current pledge holder or a new purchaser. General Security Deed over all present and after acquired property granted by Western Riverina Community Financial Services Pty Ltd, A.C.N. 152 289 391 in favour of the Bank (note 14).

The pledged funds are to be held by Coleambally Finance Group Limited until the Community Bank delivers sufficient funds to repay the facility.

There is interest payable on the pledged funds each year at the discretion of the Board.

18. Guarantee

Coleambally Finance Group Limited is a company limited by guarantee. If the company is wound up, the constitution states that each member is requried to contribute a maximum $10 each towards any outstanding obligations of the company.

19. Retained earnings

	2020 $	2019 $
Balance at the beginning of the reporting period	165,547	196,717
Profit/(loss) for the year after income tax	185,032	(31,170)
Balance at the end of the reporting period	**350,579**	**165,547**

20. Reserves

	2020 $	2019 $
Asset revaluation reserve		
Balance at the beginning of the reporting period	2,978	(965)
Fair value movements during the period	(23,588)	3,943
Balance at the end of the reporting period	**(20,610)**	**2,978**

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

21. Statement of cash flows

	2020 $	2019 $
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	120	120
Cash and cash equivalents (Note 5)	327,457	327,547
Less bank overdraft (Note 13)	(67,829)	(180,616)
As per the Statement of Cash Flow	**259,748**	**147,051**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit/(loss) for the year after income tax	185,032	(31,170)
Non-cash flows in profit		
- Depreciation and amortisation	70,946	51,782
- Bad Debts	-	4
- Fair values decreases	-	144,066
- Net profit on disposal of property, plant & equipment	2,254	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(25,386)	(7,321)
- (increase) / decrease in prepayments and other assets	22,162	(10,192)
- (Increase) / decrease in deferred tax asset	(9,435)	(35,972)
- Increase / (decrease) in trade and other payables	16,256	(48,924)
- Increase / (decrease) in current tax liability	5,532	28,349
- Increase / (decrease) in provisions	12,810	4,306
Net cash flows from operating activities	280,171	94,928

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to $196,050 (2019: $196,050). This may be terminated at any time at the option of the bank. At 30 June 2020, $67,829 of this facility was used (2019: $180,616). Variable interest rates apply to these overdraft and bill facilities.

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.

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

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 $
Pinnacle HPC	Share Registry Maintenance	1,450
Pinnacle HPC	Directors' Meetings	84
Pinnacle HPC	Professional fees	3,228

The Coleambally Finance Group Limited have not accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch.

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

(d) Key management personnel pledged funds

The number of pledged funds in Coleambally Finance Group Limited held by each key management personnel of the company during the financial year is as follows:

	2020	2019
Lynne Stuckings	-	-
Kevan Boyle	2,350	2,350
Adrian Hayes	5,000	5,000
Robert Kerr	5,500	5,500
Terry Inglis	-	-
Paul Muir	-	-
	12,850	12,850

There was no movement in key management personnel pledged funds during the year.

(e) Other key management transactions

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

23. Community Enterprise Foundation™

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

During the current financial year, the company contributed funds to the Community Enterprise Foundation™ (CEF), as detailed below. These funds are held in trust by the CEF on behalf of the company and are available for distribution by grants to eligible applicants.

	2020 $	2019 $
Opening Balance	100,464	67,511
Contributions	-	100,000
Grants Paid	-	(57,292)
Interest	1,185	1,142
GST	-	(6,352)
Management fees	-	(4,545)
Balance available for distribution in future periods	**101,649**	**100,464**

24. Events after the reporting period

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

25. Contingent liabilities and contingent assets

During the year, an instance of fraud was noted at the Hillston branch. The matter was investigated and the funds were reimbursed. This was accounted for under the joint venture partnership with Western Riverina Community Financial Services whereby the reimbursement was split in line with the 60/40 split.

26. Operating segments

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

27. Commitments

(a) Operating lease commitments

	2020 $	2019 $
Payable:		
- no later than 12 months	-	10,565
- between 12 months and five years	-	16,320
Minimum lease payments	-	26,885

The property lease at 174 High Street, Hillston is a non-cancellable lease with a five year term, with rent payable monthly in advnance and with CPI increases annually. An option exists to renew the lease at the end of the term for an additional five year period. This lease has been extended for five years previously.

The property lease at 186 Lachlan Street, Hay is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year. An option exists to renew the lease at the end of the term for an additional five year period.

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

(b) Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

	2020 $	2019 $
Payable - minimum lease payments:		
- no later than 12 months	10,222	5,450
- between 12 months and five years	19,586	10,401
Minimum lease payments	**29,808**	**15,851**
Less future interest charges	2,261	1,124
Finance lease liability	**27,547**	**14,727**

The finance lease relates to the purchase of a motor vehicle.

28. Company details

The registered office and principal place of business is 1 Brolga Place, Colambally, NSW 2707.

29. 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	120	120
- Trade and other receivables	6	151,366	125,980
		151,486	126,100
Investments designated as fair value through other comprehensive income:			
- Listed investments	7	38,304	58,509
		38,304	58,509
Total financial assets		**189,790**	**184,609**
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	13	110,550	94,214
- Borrowings	14	40,392	148,958
- Lease Liabilities	15	150,578	-
- Bank overdraft	14	67,829	180,616
Total financial liabilities		**369,349**	**423,788**

(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.

29. Financial instrument risk (continued)

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

(b) Liquidity risk

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

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

In addition the company has established an overdraft facility of $196,050 with Bendigo and Adelaide Bank Limited. The undrawn amount of this facility is $128,221 (2019: $15,435).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The Bank overdraft facility is subject to annual review, may be drawn at any time, and may be terminated by the bank without notice. Therefore the balance of the overdraft facility outstanding at year end could become repayable within 12 months.

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		120	120	-	-
- Trade and other receivables		151,366	151,366	-	-
- Listed investments		38,304	58,509	-	-
Total anticipated inflows		189,790	209,995	-	-
Financial liabilities					
- Trade and other payables		110,550	110,550	-	-
- Borrowings	5.8%	108,128	89,677	18,451	-
- Lease Liabilities	5.40%	136,646	11,012	46,350	79,284
- Bank overdraft		67,829	67,829	-	-
Total expected outflows		423,153	279,068	64,801	79,284
Net inflow / (outflow) on financial instruments		**(233,363)**	**(69,073)**	**(64,801)**	**(79,284)**

29. Financial instrument risk (continued)

(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		120	120	-	-
- Trade and other receivables		125,980	125,980	-	-
- Listed investments		58,509	58,509	-	-
Total anticipated inflows		184,609	184,609	-	-
Financial liabilities					
- Trade and other payables		94,214	94,214	-	-
- Borrowings	5.8%	219,322	209,360	9,962	-
- Lease Liabilities		-	-	-	-
- Bank overdraft		180,616	180,616	-	-
Total expected outflows		494,152	484,190	9,962	-
Net inflow / (outflow) on financial instruments		**(309,543)**	**(299,581)**	**(9,962)**	**-**

* The Bank overdraft has no set repayment period and as such all has been included as current.

(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 borrowings, fixed interest securities, and cash and cash equivalents.

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:
- A parallel shift of +/- <<>>% 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 +/- <<>>% 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. Financial instrument risk (continued)

Sensitivity analysis

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

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

	2020		2019	
	Profit $	Equity $	Profit $	Equity $
+/- 1% in interest rates (interest income)	1	1	1	1
+/- 1% in interest rates (interest expense)	(1,082)	(1,082)	(3,296)	(3,296)
	(1,081)	(1,081)	(3,295)	(3,295)

	Profit $	Equity $	Profit $	Equity $
+/- 10% in equity prices	1,784	1,784	2,748	2,748
	1,784	1,784	2,748	2,748

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

30. 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				
Non-financial assets				
Freehold land	-	6,396	11,400	17,796
Buildings	-	125,389	36,350	161,739
Total non-financial assets recognised at fair value	-	131,785	47,750	179,535
Financial assets				
Listed investments	38,304	-	-	38,304
Total financial assets recognised at fair value	38,304	-	-	38,304

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	6,396	11,400	17,796
Buildings	-	128,604	36,600	165,204
Total non-financial assets recognised at fair value	-	135,000	48,000	183,000
Financial assets				
Listed investments	58,509	-	-	58,509
Total financial assets recognised at fair value	58,509	-	-	58,509

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.

30. Fair value measurements (continued)

Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2020 $	Description of valuation techniques	Inputs used
1 Brolga Place, Coleambally	131,785	Market/income/cost approach	Sales evidence. Unit of value by comparative basis ($persqm)

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

Valuation techniques and inputs used to measure Level 3 fair values

Description	Fair value at 30 June 2020 $	Description of valuation techniques	Significant unobservable inputs	Range of unobservable inputs
31-33 Brolga Place, Coleambally	47,750	Capitalisation of income based on current rent	annual rental income	Restricted below market rental

(c) Reconciliation of recurring Level 2 & 3 Fair value measurements

Level 2	Freehold land $	Buildings $
Balance at the beginning of the year	6,396	125,389
Balance at the end of the year	6,396	125,389

Level 3	Freehold land $	Buildings $
Balance at the beginning of the year	11,400	36,350
Balance at the end of the year	11,400	36,350

Directors' declaration

In accordance with a resolution of the Directors of Coleambally Finance Group Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 42 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.

Lynne Stuckings

Lynne Stuckings
Director

Signed at Coleambally on 27 October 2020.

Independent audit report

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF COLEAMBALLY FINANCE GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Coleambally Finance Group 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 Coleambally Finance Group 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.

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309

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

Partner
Bendigo
Dated: 29 October 2020

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Bendigo Bank