

Annual Report 2020

Coleraine and District
Financial Services Limited

Community Bank
Coleraine

ABN 77 102 030 017

Contents

Chairman's Report

Manager's Report

Bendigo and Adelaide Bank Report

Community Grants, Donations & Sponsorship

Directors' Report

Auditor's Declaration

Financial Statements

Notes to the Financial Statements

Directors' Declaration

Auditor's Report

Chairman's report

For year ending 30 June 2020

On behalf of the Directors of the Coleraine & District Financial Services; I have the great pleasure in presenting the 2019/20 report to you our shareholders.

This year I would like to start by recognising our hard working team in what can only be described as unprecedented times during the middle of a pandemic. We have had a seamless transition in branch managers; I would like to congratulate Justin on his promotion and also thank him for the leadership he has displayed, not only during his time as our Manager but also ensuring a successful handover for our employees and customers. I would also like to formally welcome Mary-Ann Summers to our team as the new Branch Manager. Mary-Ann strengthens our team with her banking knowledge along with a desire to be an active community member, and I am sure she will be an asset to our town for many years to come.

To our great staff Sharon, Narelle and Bernadette - not only have you continued to provide a high standard of customer service but you consistently meet the governance requirements of Bendigo Bank verified through regular audits and checks to ensure compliance. You have also had to contend with COVID-19 and the ever changing controls and restrictions this pandemic has imposed to ensure a safe banking environment for all which you are successfully achieving; thank you.

However throughout the year we have sadly said goodbye to Tamara and Anne, both have been valued team members and I wish them all the best for their futures.

Considerable appreciation is owed to our Directors of the Coleraine & District Financial Services Limited who volunteer their time, skills and knowledge to ensure our bank is successful. Coralie Coulson, Steve Zippel, Geoff Mitchell, Tim Johnston, Gabrielle Baudinette, Simon Ferrier, Shannyn McElgunn, Beccy Wishart, Andrew Povey, Tim Leeming and Rhianna Paton; thank you for your dedication.

Our banking partner Bendigo and Adelaide Bank Limited have continued their professional support via Jason Chuck our Regional Manager. This working relationship along with our valued staff efforts have contributed to our funds under management growth by approximately \$2M to \$84M in the past 12 months.

The company has had another year with extremely tight banking margins and many customers paying down debt, which has resulted in a reduced income. However this has not distracted us from our key goal to provide sound banking services to our communities, whilst continuing to return funds to our communities.

Even with COVID-19 restrictions causing uncertainty for many of our existing and new customers, our focus this year will be to continue to work together, grow our business even further and to continue to strengthen our relationships with all stakeholders.

During the past 12 months we have seen funds returned to our community exceeding \$830,000 through community grants, sponsorship, donations and dividends. Many groups we currently support may not be able to run their events like they normally would, however with the use of technology they are keeping us updated on their progress and how they are utilising their sponsorship to ensure that next year they will come back stronger.

This year we have not only had to contend with COVID-19, we have also seen many people affected by major fires. If we weren't personally involved, we know family or friends that were or could relate the challenges these areas and people were facing. Coleraine & District Financial Services were proud to donate \$2000 towards a hay drive organised by our local Coleraine Action Club for farmers in bushfire affected areas in Gippsland and also \$2000 for the Harrow Balmoral Football Netball Club to help 40 club members to travel to Kangaroo Island for 3 days to support local farmers in rebuilding their livelihood.

It is a Coleraine & District Financial Services commitment that we will continue to invest in all our communities if the community continues to bank with us. As we say "the more banking business we can build, the more the community benefits" and "when you understand the concept, why wouldn't you bank with us"?

Finally I would like to personally take this opportunity to thank everyone who has supported us, given advice or those who have challenged our thoughts or projects as this has only made our company stronger. I look forward to another challenging but successful year ahead.



Grant Little
Chairman

Branch Manager's report

For year ending 30 June 2020

I'm thrilled to be able to present my first Branch Manager's Report, after relocating here to Coleraine from Western Australia.

I'm looking forward to meeting all of our supporters, and being a part of the Coleraine community.

Today there are more than 324 **Community Bank**[®] branches throughout Australia, partnering with Australia's fifth largest retail bank, and providing banking services to customers who want their banking to make a difference to their local communities.

To date, more than \$229 million has been returned to communities just like ours across Australia.

Customers

As regulars to our branch would confirm, we value each and every one of you, and invite new customers to come in and experience the feeling of banking with locals.

We continue to offer traditional face-to-face banking, and while Covid-19 restrictions have provided some challenges, we'd like to thank everyone for their understanding and participation in our 'work arounds'.

I'm sure that those who chose online access to their accounts have noticed the website and app updates, and that everyone has noticed the new look debit cards with the more apparent visual and tactile changes to the card itself.

Under the guidance of the previous Branch Manager, Justin Bryant, the branches funds under management have grown from \$81.1m to \$86.3m, with the number of customers supporting us remaining above 2000.

With the increased use of technology, and with the effect of the Covid-19 restrictions, teller transactions have dropped slightly from 14,863 to 13,877 for the year, however the number of accounts has risen from 3,272 to 3,346.

Staff

Sharon, Bernadette and Narelle continue to assist our customers and are the backbone of our branch, providing professional and knowledgeable service to our customers and support to myself.

We said goodbye to Tamara and Anne, and hello and goodbye to Louise and we send all of them our best wishes for their future endeavours.

The staff at our Casterton agency continue to provide the only banking service available in the town, and we thank Ann, Robyn and Darren for their continued support.

Our AgriBusiness Manager, Hannah Ronaldson, continues to assist our Rural/Agri clients, with the support of her Assistant, Nikki Vrankovic and our Small Business Manager, Lauren Jackson, supports our business customers, along with the Business Bankers who help us with our bigger Business and Commercial lending requirements.

Belinda Palmer also continues to support us in her role as our Farm/Small Business Insurance Specialist.

We said farewell and 'Thank you' to Justin in May, and I took up his position in June.

I'd like to take a moment to thank Justin for his years of service here: for the support he's provided to the Coleraine and Casterton communities, and to wish him all the best with his new role as Branch Manager of the Hamilton branch of Bendigo Bank. They'll be big shoes to fill!

Board of Directors & Shareholders

As always, it's been a busy year for our Directors who volunteer their time to help grow our **Community Bank**[®], and to assist the communities of both Coleraine and Casterton with the allocation of sponsorship and grant monies. Their time and efforts are greatly appreciated by our staff, as it allows us to concentrate on looking after our customers, and we thank them for this.

Sponsorships included support to Casterton Football Netball Club, Coleraine Football Netball Club, Casterton Rotary Club and to both the Coleraine and Casterton Shows.

This support is only able to be made because of you, our customers, supporting our branch and trusting us with your bank accounts, your insurance policies, and your lending. Every new account, loan or insurance policy we hold adds to the money available to support our communities.

In closing

This was the first year of our newly created South West Vic Region, with support from our Warrnambool and Geelong offices. We've built a strong working relationship with the Regional Office support team, and with the other branches in the South West Vic Region.

We'd like to thank our Regional Manager, Jason Chuck, for his support and commitment over the last 12 months, and look forward to the next 12 months growing our Regions' prosperity along side them, and with their continued support.

The **Community Bank**[®] model says that every time people bank with their local **Community Bank**[®] branch, the bottom line increases, which in turn increases the amount of community contributions and dividends available to be disbursed to the community.

This remains true with the Coleraine and District **Community Bank**[®], with contributions of over \$785,000 invested directly back into the communities of Coleraine and Casterton, and this has happened because people like you have chosen to bank with us.

If you know someone who'd like to bank with us, but is unsure of how to take the first step, please tell them to give us a call! We're happy to talk to anyone that wants to support their local community this way, and are available at any time to answer questions.

We believe that banking is more than just about profits, it's about giving back to our communities, and seeing them grow and thrive. And that's a benefit for everyone!

Mary-Ann Summers
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

COLERAINE AND DISTRICT FINANCIAL SERVICES LIMITED
Community Grants, Donations & Sponsorships
Approved For Year ended 30th June 2020

Schools/Kindergarten:

• St Joseph's Primary School – Twilight Fair	\$500	
• Year 6 Graduation Bursaries (8 students x \$100 3 schools)	\$800	\$1,300

Sporting:

• Harrow/Balmoral Football & Netball Club (1st year of 3 year deal)	\$7,000	
• Merino Golf Club	\$300	
• Coleraine Football & Netball Club (1st year of 3 year deal)	\$5,000	
• Coleraine Golf Club – Rolling Hills Event & Sign Sponsorship	\$1,000	
• Coleraine Bowling Club	\$660	
• Coleraine Racing Club	\$1,250	
• Balmoral Lap Club	\$500	
• Casterton Croquet Club	\$650	
• Casterton Cricket Club	\$500	
• Casterton Polocrosse Club	\$500	
• Casterton-Sandford Football Netball Club (1st year of 3 year deal)	\$5,000	
• Casterton Bowls Club	\$300	
• Wando Vale Hall Dog Trial	\$250	\$22,910

Community:

• Balmoral Lions Club - Show 'n' Shine	\$250	
• Coleraine Community Car – Fuel (Western District Health Service)	\$1,000	
• Coleraine P & A Society – Fireworks display	\$4,000	
• Casterton P & A Society – Sponsorship of Annual Show	\$2,000	
• Casterton Fire Brigade – Defibrillator	\$500	
• Sandford Bush Festival	\$2,000	
• Merino Fire Brigade	\$500	
• Coleraine Pedal Car Grand Prix	\$500	\$10,750

Charitable:

• Parkville College Program Support	\$400	
• Harrow Balmoral Football Netball Club – Kangaroo Island Bushfire Project	\$2,000	
• Coleraine Action Club – Hay Drive	\$2,000	
• Coleraine Lions Club – Ovarian Cancer Donation	\$150	
• Movember	\$100	\$4,650

Community Grants:

• Casterton Rotary Club	\$5,000	
• Merino-Digby Lions Club – Kitchen Redevelopment	\$3,000	
• Hamilton-Coleraine Rail Reserve Committee	\$5,000	
• Coleraine District Development Association – Street Statue Project	\$5,000	\$18,000

GRAND TOTAL: **\$57,610**

** The above projects were approved by the Board during 2019/2020 and some will be expended in 2020/2021 **

COLERAINE AND DISTRICT FINANCIAL SERVICES LIMITED

ABN 77 102 030 017

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 Coleraine & District Financial Services Limited during or since the end of the financial year up to the date of this report:

GRANT JAMES LITTLE

Position Chairperson
Professional qualifications Masters of Business Management
Experience and expertise 20 years managing Nareen Station Pty Ltd, Chairman of the Coleraine Hospital Advisory Committee, local CFA captain.

CORALIE LOUISE COULSON

Position Director
Professional qualifications Diploma Orthoptics, Australian College of Ophthalmology & Graduate Australian Institute Company Directors
Experience and expertise Employed as an Orthoptist in private Ophthalmological practices & Adelaide Children's Hospital 1974-1981
Practice Manager, Coleraine Casterton Medical, 1997-2003
Councillor, Southern Grampians Shire Council 2004-2008
Director, Glenelg Hopkins Catchment Management Authority 2009 - 2013.
Director, Great South Coast Group (Regional Development body) 2012 - 2017
Admin Assistant, Coleraine Casterton Medical - current

GREGORY HODGSON - RESIGNED 25/07/2019

Position Director
Professional qualifications
Experience and expertise Self employed farmer most of my working life and involvement in various community groups over many decades, particularly CFA and Landcare.

RHIANNA PATON - APPOINTED 27/08/2019

Position Director
Professional qualifications Certificate III in Financial Services (Accounts/Clerical)
Experience and expertise Employed in Finance at the hospital for the past 16 years with experience within many of the roles. Heavily involved on local kindergarten COM in various roles including Treasurer, Fundraising and President for 6 years. Also on the St Joseph's Primary School advisory council and parent committee.

REBECCA WISHART

Position Director
Professional qualifications Bachelor of commerce (Accounting), CPA completed 2009, UNSW SMSF Specialisation
Experience and expertise Been working in the accounting industry since graduating in 2004. From 2007 to now have solely worked in the self managed superfund sector. Been a director of Grampians Accounting Services since 2009 - which is my current employer. Was also treasurer of the Coleraine Football Netball Club for 7 years.

TIMOTHY JAMES JOHNSTON - RESIGNED 30/06/2020

Position Director
Professional qualifications B.Ru.Sc. (Hons)
Experience and expertise Principal Waradgery Pastoral Co & Manager Kowarna Partnership; Director Gambeth Nominees & Hambleton Investments (family companies). Community involvement including CFA and Pony club.

SIMON RODERICK FERRIER

Position Director
Professional qualifications Advanced Diploma in Applied Science Farm Management
Experience and expertise Training co-ordinator at RIST, Lecturer/Project Officer at Murrumbidgee College of Agriculture, Consultant World Food program (Cambodia & Thailand), Teacher in pang, Mechanic with Dept. Crown Lands & Survey.

COLERAINE AND DISTRICT FINANCIAL SERVICES LIMITED

ABN 77 102 030 017

Directors' Report

GEOFF MITCHELL

Position Director
Professional qualifications
Experience and expertise Past president of the Young Farmers, past president and life member of the Casterton Apex Club, past president and life member of the Casterton - Sandford Football Netball Club, past captain of the Sandford Rural Fire Brigade and still active in this organisation, current owner / manager of Moredun Hill Pastoral Co.

STEVE ZIPPEL

Position Director
Professional qualifications Qualified Carpenter / Joiner
Experience and expertise 30 years building experience. Presently employed at Casterton Memorial Hospital as maintenance supervisor.

SHANNYN MCELGUNN

Position Director
Professional qualifications Bachelor of Education (Primary)
Experience and expertise Language teacher (Indonesian) at St Joseph's Coleraine and Sacred Heart, Casterton 2014-present. Classroom teacher St. Joseph's Warrnambool 2006, 2009-2011, Special Needs Co-ordinator and classroom teacher Petts Hills School, London UK 2007-2008. Community involvement includes Coleraine Playgroup co-ordinator, President of the St. Joseph's Parent association, Mini Vinnies (Warrnambool and Coleraine) and various fundraising groups.

GABRIELLE BAUDINETTE

Position Director
Professional qualifications CPA; Diploma of Financial Planning
Experience and expertise Director of Coleraine Joinery & Building Supplies with my husband Quentin. Volunteer with the Coleraine Fire Brigade. Previously worked for 10 years in Aged Care Finance. Previous member of the Coleraine Hospital Advisory Committee for 10 years. Interests include bush walking, singing and reading.

ANDREW POVEY

Position Director
Professional qualifications Qualified Plumber and Gasfitter. Certificate IV In Business (Front line Management).
Experience and expertise Employed at Wannon Water as Team Leader Civil Maintenance. Life Member Hamilton and District Cricket Association. Past President of three years with Coleraine Football Netball Club. Seven years as Manager of Junior Football within Coleraine Football Netball Club. Current Football Manager South West District Football Netball League.

TIMOTHY LEEMING - APPOINTED 26/11/2019

Position Director
Professional Diploma of Agriculture. Cert 4 in Workplace Training and Assessment
Experience and expertise Co owner and Manager of Paradoo Prime 1997 - Current. Program Leader RIST 99-2003. Life Member of the Harrow Balmoral FNC. Regional Chair Southern Australian Livestock Research Council 2015-2019. Bestwool Bestlamb Advisory 2014-2019. Facilitated Glenelg Bestwool Bestlamb Group 2006-2019. Former President of Harrow Balmoral FNC, Balmoral P & A Society, Tussock Jumpers Fundraising. Current Pres Mullagh Championships. Capt Pigeon Ponds CFA. Deliverer of various extension programs in Ag.

Directors were in office for this entire year unless otherwise stated.
No Directors have material interests in contracts or proposed contracts with the company.

COLERAINE AND DISTRICT FINANCIAL SERVICES LIMITED
ABN 77 102 030 017
Directors' Report

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	A	B
Grant Little	11	10
Rhianna Paton	10	9
Geoff Mitchell	11	10
Tim Johnston	11	6
Greg Hodgson	1	0
Simon Ferrier	11	9
Coralie Coulson	11	9
Rebecca Wishart	11	9
Steve Zippel	11	9
Gabrielle Baudinette	11	10
Andrew Povey	11	9
Tim Leeming	7	6
Shannyn McElgunn	11	9

A- The number of meetings eligible to attend.

B- The number of meetings attended.

Company Secretary

Rebecca Wishart has been the Company Secretary of Coleraine & District Financial Services Limited since 2017. Rebecca's qualifications and experience include a Bachelor of Commerce and CPA registration.

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 \$49,043 (2019 profit: \$31,164), which is a 57.4% increase as compared with the previous year.

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 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.

Dividends

A dividend has been declared for up to 7 cents for the year ended 30 June 2020, this has not been paid as yet. No dividend was declared or paid for the year ended 30 June 2019.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out in these 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 Coleraine on 18 September 2020.



Grant Little
Director

Auditor's Independence Declaration

As lead auditor for the audit of Coleraine & District Financial Services Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coleraine & District Financial Services Limited.

McLaren Hunt
MCLAREN HUNT
AUDIT AND ASSURANCE

N.L. McClean
N.L.MCLEAN
PARTNER

Dated at Warrnambool, 21 September 2020

COLERAINE AND DISTRICT FINANCIAL SERVICES LIMITED
 ABN 77 102 030 017
 Statement of Profit or Loss and Other Comprehensive Income
 for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	2	591,673	575,731
Expenses			
Employee benefits expense	3	(257,970)	(276,859)
Depreciation and amortisation	3	(18,752)	(18,321)
Bad and doubtful debts expense	3	(22)	-
Other expenses		(196,222)	(204,006)
		<u>(472,966)</u>	<u>(499,186)</u>
Operating profit before charitable donations and sponsorship		118,707	76,545
Charitable donations and sponsorship		<u>(61,711)</u>	<u>(33,556)</u>
Profit before income tax		56,996	42,989
Income tax expense	4	<u>(7,953)</u>	<u>(11,825)</u>
Profit for the year after income tax		49,043	31,164
Total comprehensive income attributable to members of the company		<u>49,043</u>	<u>31,164</u>
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	18	10.45	6.64

The accompanying notes form part of these financial statements

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Financial Position
As at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	5	117,223	73,786
Trade and other receivables	6	47,576	51,992
Financial assets	7	274,585	269,690
Current tax asset	4	4,273	-
Other assets	8	23,748	5,875
Total current assets		467,405	401,343
Non-current assets			
Property, plant and equipment	9	75,081	80,611
Intangible assets	10	36,733	49,955
Right of use asset	9	109,967	-
Total non-current assets		221,781	130,566
Total assets		689,186	531,909
Liabilities			
Current liabilities			
Trade and other payables	12	28,839	24,462
Current tax liability	4	-	1,229
Leases	13	9,792	-
Provisions	14	12,546	24,388
Total current liabilities		51,177	50,079
Non-current liabilities			
Leases	13	103,320	-
Provisions	14	3,138	4,390
Deferred tax liability	4	18,988	13,920
Total non-current liabilities		125,446	18,310
Total liabilities		176,623	68,389
Net assets		512,563	463,520
Equity			
Issued capital	15	469,472	469,472
Retained earnings/(Accumulated losses)	16	43,091	(5,952)
Total equity		512,563	463,520

The accompanying notes form part of these financial statements

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Changes in Equity
for the year ended 30 June 2020

	Issued capital	Retained earnings/ (Accumulated losses)	Total equity
	\$	\$	\$
Balance at 1 July 2019	469,472	(5,952)	463,520
<i>Comprehensive income for the year</i>			
Profit for the year	-	49,043	49,043
	-	49,043	49,043
<i>Transactions with owners in their capacity as owners</i>			
Dividends paid or provided	-	-	-
Balance at 30 June 2020	469,472	43,091	512,563
Balance at 1 July 2018	469,472	(37,116)	432,356
<i>Comprehensive income for the year</i>			
Profit for the year	-	31,164	31,164
	-	31,164	31,164
Balance at 30 June 2019	469,472	(5,952)	463,520

The accompanying notes form part of these financial statements

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		573,710	566,871
Payments to suppliers and employees		(510,971)	(510,741)
Net GST paid		(1,316)	(911)
Interest received		4,897	5,048
Income tax paid		(8,388)	(15,450)
Net cash flows provided by operating activities	19b	<u>57,932</u>	<u>44,817</u>
Cash flows from investing activities			
Proceeds from sale of investments		-	14,448
Purchase of property, plant and equipment		-	(15,740)
Purchase of investments		(4,895)	-
Net cash flows used in investing activities		<u>(4,895)</u>	<u>(1,292)</u>
Cash flows from financing activities			
Repayment of lease liabilities		(9,600)	-
Dividends paid		-	(23,474)
Net cash flows used in financing activities		<u>(9,600)</u>	<u>(23,474)</u>
Net increase in cash held		43,437	20,051
Cash and cash equivalents at beginning of financial year		<u>73,786</u>	<u>53,735</u>
Cash and cash equivalents at end of financial year	19a	<u>117,223</u>	<u>73,786</u>

The accompanying notes form part of these financial statements

Coleraine & District Financial Services Limited

ABN 77 102 030 017

**Notes to the Financial Statements
for the year ended 30 June 2020**

These financial statements and notes represent those of Coleraine & District Financial Services Limited (the Company) as an individual entity.

Coleraine & District Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 18 September 2020.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

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.

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

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. With the exception of Goodwill **(if applicable)** all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's recoverable amount exceeds its carrying amount.

(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.

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Employee benefits provision

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

Income tax

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

Impairment

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

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

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.

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

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

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 3.80%.

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	-
Recognition exemptions:	
Other minor adjustments relating to commitment disclosures	-
Operating lease liabilities before discounting	-
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	118,571
	\$
Lease liability as at 1 July 2019	-
Represented by:	
Current lease liabilities	9,792
Non-current lease liabilities	<u>108,779</u>
	118,571

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	<u>109,967</u>	<u>118,571</u>
Total right-of-use assets	109,967	118,571

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	118,571

Coleraine & District Financial Services Limited

ABN 77 102 030 017

**Notes to the Financial Statements
for the year ended 30 June 2020**

Revenue and Other Income

The company has applied AASB 15: Revenue from Contracts with Customers (AASB 15) using the cumulative effective method of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 July 2019. Therefore the comparative information has not been restated and continues to be presented under AASB 18: Revenue and AASB 1004: Contributions. The details of accounting policies under AASB 18 and AASB 1004 are disclosed separately since they are different from those under AASB 15, and the impact of changes is disclosed above.

When the company receives commissions and other revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the company: - identifies each performance obligation relating to the grant - recognises a contract liability for its obligations under the agreement - recognises revenue as it satisfies its performance obligations. Where the contract is not enforceable or does not have sufficiently specific performance obligations:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards;
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from contract with customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

2. Revenue

	2020	2019
	\$	\$
Revenue		
- service commissions	117,617	107,614
	<u>117,617</u>	<u>107,614</u>
Other revenue		
- interest received	3,792	5,467
- Government incentives	30,863	-
- other revenue	439,401	462,650
	<u>474,056</u>	<u>468,117</u>
Total revenue	<u>591,673</u>	<u>575,731</u>

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

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

Interest, dividend and other income

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

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

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

Rendering of services

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

Core Banking Products

Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given. The core banking products, as at the end of the financial year included upfront and trailing commissions, sales fees and margin fees.

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.

2. Revenue (continued)

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.

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 above mentioned 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.

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements
for the year ended 30 June 2020

3. Expenses

	2020 \$	2019 \$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	248,595	246,553
- superannuation costs	21,719	22,908
- movements in provisions	(13,005)	6,786
- other costs	661	612
	<u>257,970</u>	<u>276,859</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- leasehold improvements	2,663	2,666
- plant and equipment	866	850
- motor vehicles	2,001	1,583
	<u>5,530</u>	<u>5,099</u>
Amortisation		
- franchise fees	13,222	13,222
Total depreciation and amortisation	<u>18,752</u>	<u>18,321</u>
Bad and doubtful debts expenses	22	-
Auditors' remuneration		
<i>Remuneration of the Auditor, McLaren Hunt Audit & Assurance, for:</i>		
- Audit or review of the financial report	3,000	2,960
	<u>3,000</u>	<u>2,960</u>

Operating expenses

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

Depreciation

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

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

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Leasehold improvements	2.5-5%	Straight line
Plant and equipment	10-20%	Straight line / Diminishing value
Motor vehicles	25%	Diminishing value

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.

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

4. Income Tax	2020	2019
	\$	\$
a. The components of tax expense comprise:		
Current tax expense	4,251	9,271
Deferred tax expense	3,702	2,548
	<u>7,953</u>	<u>11,819</u>
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2019: 27.5%)	15,674	11,822
Add tax effect of:		
- Under / (over) provision of prior years	767	3
- Non-taxable income	(8,487)	-
Income tax attributable to the entity	<u>7,954</u>	<u>11,825</u>
The applicable weighted average effective tax rate is:	-13.95%	-27.51%
c. Current tax liability		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	1,229	7,408
Income tax paid	(8,387)	(15,450)
Current tax	4,251	9,271
Under / (over) provision prior years	(1,366)	-
	<u>(4,273)</u>	<u>1,229</u>
d. Deferred tax liability		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Prepayments	(1,331)	(1,224)
ROU assets	865	-
Accruals	1,708	585
Employee provisions	4,313	7,914
	<u>5,555</u>	<u>7,275</u>
Deferred tax liabilities comprise:		
Accrued income	88	392
Property, plant & equipment	24,455	20,802
	<u>24,543</u>	<u>21,194</u>
Net deferred tax liability	<u>(18,988)</u>	<u>(13,919)</u>
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	5,658	2,551
Under / (over) provision prior years	(1,366)	-
	<u>4,292</u>	<u>2,551</u>

4. Income tax (continued)

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

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

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

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither 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.

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

5. Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	<u>117,223</u>	<u>73,786</u>
	<u>117,223</u>	<u>73,786</u>

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

6. Trade and other receivables

	2020	2019
	\$	\$
Current		
Trade receivables	<u>47,576</u>	<u>51,992</u>
	<u>47,576</u>	<u>51,992</u>

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

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

Credit risk

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

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

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

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	47,576	47,576	-	-	-	-
Total	<u>47,576</u>	<u>47,576</u>	-	-	-	-
2019						
Trade receivables	51,992	51,992	-	-	-	-
Total	<u>51,992</u>	<u>51,992</u>	-	-	-	-

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements
for the year ended 30 June 2020

7. Financial assets

	2020	2019
	\$	\$
<i>Amortised cost</i>		
Term deposits	274,585	269,690
	<u>274,585</u>	<u>269,690</u>

(a) Classification of financial assets

The company classifies its financial assets in the following categories:

- amortised cost

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 amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

(c) Impairment of financial assets

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

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

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

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

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

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

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

(d) Derecognition

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

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements
for the year ended 30 June 2020

8. Other assets

	2020	2019
	\$	\$
Prepayments	4,841	4,450
Accrued income	320	1,425
Cash flow boost	18,587	-
	<u>23,748</u>	<u>5,875</u>

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

9. Property, plant and equipment

	2020			2019		
	\$			\$		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements - at cost	130,005	(65,364)	64,641	130,005	(62,701)	67,304
Plant and equipment - at cost	15,324	(10,888)	4,436	15,324	(10,022)	5,302
Motor vehicles - at cost	9,588	(3,584)	6,004	9,588	(1,583)	8,005
Total property, plant and equipment	154,917	(79,836)	75,081	154,917	(74,306)	80,611

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)

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

9. Property, plant and equipment (continued)

(b) 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

	2020
	Leased Building
	\$
Leased Asset	118,571
Accumulated depreciation	(8,604)
	109,967

Movements in carrying amounts:

	2020
	Leased Building
	\$
Recognised on initial application of AASB 16	
- previously classified as operating leases	118,571
- transferred from property, plant & equipment	-
Additions	-
Depreciation expense	(8,604)
Net carrying amount	109,967

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

	2020
	\$
Depreciation charge related to right-of-use assets	8,604
Interest expense on lease liabilities	4,141

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements
for the year ended 30 June 2020

10. Intangible assets

	2020			2019		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	66,111	(29,378)	36,733	66,111	(16,156)	49,955
Total intangible assets	66,111	(29,378)	36,733	66,111	(16,156)	49,955

Franchise fees and 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

	Opening written down value	Amortisation	Closing written down value
	\$	\$	\$
2020			
Franchise fees	49,955	(13,222)	36,733
Total intangible assets	49,955	(13,222)	36,733
	Opening written down value	Amortisation	Closing written down value
	\$	\$	\$
2019			
Franchise fees	63,177	(13,222)	49,955
Total intangible assets	63,177	(13,222)	49,955

11. Financial liabilities

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

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

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

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements
for the year ended 30 June 2020

12. Trade and other payables

	2020	2019
	\$	\$
Current		
<i>Unsecured liabilities:</i>		
Trade creditors	10,469	9,314
GST	6,200	7,896
PAYGW	4,244	3,362
Other creditors and accruals	7,926	3,890
	<u>28,839</u>	<u>24,462</u>

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

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.

13. Leases

	2020	2019
	\$	\$
Current		
Property Leases	9,792	-
	9,792	-
Non-current		
Property Leases	103,320	-
	103,320	-
Total leases	<u>113,112</u>	<u>-</u>

The Company has leases for property. 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 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.

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Total cash outflows for leases for the year ended 30 June 2020 was \$9,600 (2019: \$nil).

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

14. Provisions

	2020	2019
	\$	\$
Current		
Employee benefits	<u>12,546</u>	<u>24,388</u>
Non-current		
Employee benefits	<u>3,138</u>	<u>4,390</u>
Total provisions	<u>15,684</u>	<u>28,778</u>

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.

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements

for the year ended 30 June 2020

15. Share capital

	2020	2019
	\$	\$
Current		
469,472 Ordinary shares fully paid	<u>469,472</u>	<u>469,472</u>
	<u>469,472</u>	<u>469,472</u>

Ordinary shares are classified as equity.

(a) Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	469,472	469,472
Shares issued during the year	<u>-</u>	<u>-</u>
At the end of the reporting period	<u>469,472</u>	<u>469,472</u>

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

(b) Capital management

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

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

(i) the Distribution Limit is the greater of:

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

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

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

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

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

16. Retained earnings/(Accumulated losses)

	2020	2019
	\$	\$
Balance at the beginning of the reporting period	(5,952)	(37,116)
Profit for the year after income tax	49,043	31,164
Dividends paid	-	-
Balance at the end of the reporting period	<u>43,091</u>	<u>(5,952)</u>

17. Dividends paid or provided for on ordinary shares

	2020	2019
	\$	\$
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of up to 7 cents per share declared (2019:Nil) franked at the tax rate of 27.5% (2019: 27.5%).	32,863	-

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

18. Earnings per share

	2020	2019
	\$	\$
Basic earnings per share (cents)	10.45	6.64
Earnings used in calculating basic earnings per share	49,043	31,164
Weighted average number of ordinary shares used in calculating basic earnings per share	469,472	469,472

Basic earnings per share

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

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

19. 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)	<u>117,223</u>	<u>73,786</u>
As per the Statement of Cash Flow	<u>117,223</u>	<u>73,786</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit for the year after income tax	49,043	31,164
Non-cash flows in profit		
- Depreciation and amortisation	18,752	18,321
- Depreciation and interest on ROU assets	12,745	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	4,416	(3,393)
- (increase) / decrease in prepayments and other assets	(17,873)	(613)
- (Increase) / decrease in deferred tax asset	5,068	2,554
- Increase / (decrease) in trade and other payables	4,377	(1,696)
- Increase / (decrease) in current tax liability	(5,502)	(6,179)
- Increase / (decrease) in provisions	<u>(13,094)</u>	<u>4,659</u>
Net cash flows from operating activities	<u>57,932</u>	<u>44,817</u>

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

20. 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.

Short-term employee benefits

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

(b) Other related parties

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

(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. There has been a remuneration policy developed as executive directors receive a nominal amount for their services. All other positions are held on a voluntary basis and those directors do not receive remuneration.

The Coleraine & District Financial Services Limited has 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. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be \$nil for the year ended 30 June 2020.

The estimated benefits from the Bendigo and Adelaide Bank Limited's **Community Bank**[®] Directors Privileges package per Director is as follows:

	2020
The remuneration per Director is as follows:	\$
Grant Little	2,000
Rebecca Wishart	1,500
Shannyn McElgunn	2,000
Gabrielle Baudinette	500
	<hr/>
	6,000

(d) Key management personnel shareholdings

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

(e) Other key management transactions

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

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements for the year ended 30 June 2020

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	58,663	44,789
Contributions	8,000	15,000
Grants Paid	(22,000)	-
Interest	1,951	1,242
GST	1,158	(1,579)
Management fees	(421)	(789)
Balance available for distribution in future periods	<u>47,351</u>	<u>58,663</u>

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

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

26. Operating segments

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

27. Company details

The registered office and principal place of business is: 59 Whyte Street
Coleraine VIC 3315

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. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

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.

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements
for the year ended 30 June 2020

29. Financial instrument risk (continued)

Specific financial risk exposure and management (continued)

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:

		2020	2019
	Note	\$	\$
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	117,223	73,786
- Trade and other receivables	6	47,576	51,992
- Financial assets	7	274,585	269,690
Total financial assets		439,384	395,468
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	12	28,839	24,462
- Lease Liabilities	13	113,112	-
Total financial liabilities		141,951	24,462

(a) Credit risk

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

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

Credit risk exposures

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

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

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

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

(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.

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2020

29. Financial instrument risk (continued)

(b) Liquidity risk (continued)

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

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

Financial liability and financial asset maturity analysis:

30 June 2020	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
- Cash and cash equivalents		117,223	117,223	-	-
- Trade and other receivables		47,576	47,576	-	-
- Financial assets		<u>274,585</u>	<u>274,585</u>		
Total anticipated inflows		<u>164,799</u>	<u>164,799</u>	-	-
Financial liabilities					
- Trade and other payables		<u>28,839</u>	<u>28,839</u>	-	-
Total expected outflows		<u>28,839</u>	<u>28,839</u>	-	-
Net inflow / (outflow) on financial instruments		<u>135,960</u>	<u>135,960</u>	-	-
30 June 2019	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
- Cash and cash equivalents		73,786	73,786	-	-
- Trade and other receivables		51,992	51,992	-	-
- Financial assets		<u>269,690</u>	<u>269,690</u>		
Total anticipated inflows		<u>395,468</u>	<u>395,468</u>	-	-
Financial liabilities					
- Trade and other payables		<u>24,462</u>	<u>24,462</u>	-	-
Total expected outflows		<u>24,462</u>	<u>24,462</u>	-	-
Net inflow / (outflow) on financial instruments		<u>371,006</u>	<u>371,006</u>	-	-

(c) Market risk

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

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

Interest rate risk

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

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

COLERAINE AND DISTRICT FINANCIAL SERVICES LIMITED
ABN 77 102 030 017
Directors' Declaration

In accordance with a resolution of the Directors of Coleraine & District Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 18 to 41 are in accordance with the Corporations Act 2001 and:
 - (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.



Grant Little
Director

Signed at Coleraine on 18 September 2020.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED

Opinion

We have audited the financial report of Coleraine & District Financial Services Limited, which comprises the balance sheet as at 30 June 2020, and the comprehensive income statement, the cash flow statement, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration. In our opinion, the accompanying financial report of Coleraine & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Coleraine & District Financial Services Limited in accordance with 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, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist Coleraine & District Financial Services Limited in complying with, to meet the requirements of the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Coleraine & District Financial Services Limited's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coleraine & District Financial Services Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of director's 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 Coleraine & District Financial Services Limited'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 Coleraine & District Financial Services Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

McLaren Hunt
MCLAREN HUNT
AUDIT AND ASSURANCE


N.L.MCLEAN
PARTNER

Dated at Warrnambool, 2nd September 2019

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21 September 2020

Mr Grant Little
Chairperson
Coleraine & District Financial Services Limited
59 Whyte Street
COLERAINE VIC 3315

Dear Grant,

Management letter - Year End 30 June 2020

We have completed our financial statement review of Coleraine & District Financial Services Limited in accordance with the Corporations Act 2001. The purpose of this correspondence is to bring to your attention matters arising from the financial review of Coleraine & District Financial Services Limited as at 30 June 2020. The financial review is designed to enable us to express an opinion on the half year financial report. It does not constitute a complete examination of all relevant data and was not designed to uncover all processing errors and therefore may not have detected all breaches and irregularities that could have occurred.

Please note the following issues for your attention. The status of prior year issue is noted below.

CURRENT YEAR ISSUES

Recognition of grant revenue under AASB 15

AASB 15 Revenue from contracts with customers stipulates how and when revenue is recorded, requiring the recognition of revenue for the transfer of goods or services, at a value that reflects the consideration to which the entity expects to be entitled, in return for meeting performance obligations.

The standard establishes a five-stage model for entities to follow:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognising revenue when (or as) the performance obligations are satisfied.

We recommend management evaluate the performance obligation required to be met by Coleraine & District Financial Service regarding revenue, in particular, the recognition of commissions, to determine the period in which revenue should be recognised or deferred. This assessment should be completed in preparation for the 31 December 2020 interim financial statements.

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Suppliers and Payroll Masterfile Changes Procedure

We have been advised that management has not formalised a policy in regards to making changes to suppliers' and employee's details, including changes to bank details. Audit is aware of several frauds that have occurred at other entities in the past twelve months where requests for Masterfile changes has resulted in the entity being defrauded.

To protect the entity against such frauds, management needs to have adopted and formalised a policy to include when a request is received to amend Masterfile details, the person making the change must make their own enquiry (i.e. via telephone using the existing entity phone details and documenting the date and name of the person authorising the change) as to the veracity of the request to ensure that it is a bona fide request.

Amortisation of Leasehold Improvements

Leasehold improvements are currently amortised at a rate of 2.5% - 5%. Leasehold improvements are expected to have a useful life in line with the associated lease agreements, therefore, amortisation should be applied over the remaining term of the lease i.e. 10 years.

STATUS OF PRIOR YEAR ISSUES

Long outstanding cheques

A number of long outstanding cheques were noted on the 30 June 2020 bank reconciliation, some of which would now be considered 'stale' (greater than 18 months old). These long outstanding cheques should be followed up and reissued or cancelled if required. This issue remains unresolved from the year ended 30 June 2012.

Current Status

The cheques remain disclosed as outstanding on the bank reconciliation as at 30 June 2020.

Please contact me on (03) 5562 3544 if you would like to discuss any matters included in the letter.

Yours sincerely,



N.L.MCLEAN
PARTNER

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