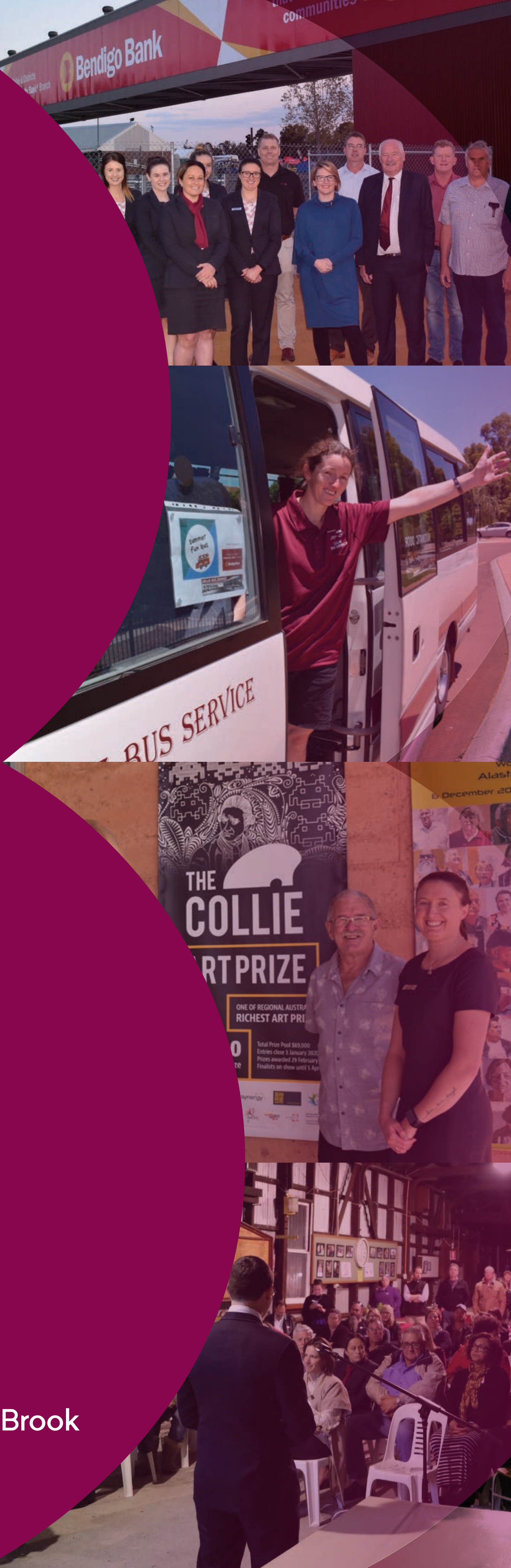
Annual Report 2020

Collie & Districts Community Financial Services Limited



Community Bank
Collie & Districts, Darkan and Boyup Brook

ABN 76 096 536 355

Contents

Chairman’s report

For year ending 30 June 2020

I am pleased to acknowledge another strong year for Community Bank Collie & Districts, which includes our branch in Collie and agencies in Boyup Brook and Darkan.

Operations have continued to perform in line with expectations with a net profit of $268,868 after provision of income tax for the company. Partnering with Australia’s fifth largest bank, we’re proud of the contribution we make to what is one of Australia’s Bank of Choice. Our model has been held up as an example of a great way of doing business.

This year saw unprecedented times with the pandemic and the Board worked closely with our Partners, Bendigo and Adelaide Bank Limited to continue to deliver financial services to our community whilst prioritising the safety and wellbeing of our staff and customers. The immediate impact of the pandemic seemed to have little impact on our overall performance for the financial year, however the broader recovery of the economy may impact us in due course. We have a strong business with a healthy balance sheet, however the long-term implications will be taken into consideration in any decisions needed to be made.

Many worthwhile community organisations received support over the past year, including The Smith Family, FESTIV ARTY, Coalfields Hockey Council, Bendigo Bank Music Shell lights, the Collie Art Prize, University and TAFE Scholarships, as well as our School awards. Donations were also made towards the devastating Bush Fire appeals in Victoria, NSW, SA/NT, and Rotary WA Drought appeals. Our Bank contributed $350,000 to our Community Enterprise Foundation™ account for future eligible grants.

Our Annual Christmas Tree in December had a large number attend again and continues to be a family favourite, despite it being a very hot day and a fire was threatening the town.

Our organisation is only as good as its people. Thank you to our voluntary Board of Directors, Branch Manager and staff for their dedication and professionalism.

Special thanks to Colleen DeAngelis who retired at the last Annual General Meeting having been a Director for nine years joining in 2010. I would like to acknowledge the Directors for their years of dedication, hard work and support for your Community Bank company and welcome to our new Directors Julie Pelliciari and Pamela Anderson who were appointed at our last AGM.

As a shareholder, thank you for your ongoing support. I put the challenge to you to take the time to help us grow your business. If every single one of our shareholders referred just one customer to Community Bank Collie & Districts – imagine the growth to our business and to your investment. And ultimately, the benefit to your community with a greater pool of funds to distribute to community groups and projects. The growth of our existing customer base will mean a growth in your investment and our community’s investment in our Community Bank. Branch Manager Narelle Michalak is ready to act on your referrals. Make yourself known to Narelle and help us help your Community Bank company and our local community.

Sarah Stanley
Chair

Manager's report

For year ending 30 June 2020

In a world that has constantly changed this year, I am pleased to report Community Bank Collie & Districts has risen to every challenge. We are living through unprecedented times and navigating a business through a worldwide pandemic which has not been an easy task for myself, our Directors, or our staff. The March onset of COVID-19 marked a major milestone and turning point in banking worldwide. Our business adapted and showed flexibility in the face of changes we had never seen nor expected. However, these changes – both positive and negative – are ones I expect will continue within the industry in the COVID-19 wake.

In my report last year, I wrote about the loyalty we experience from our customers and the trust they have in our banking skills. I feel that loyalty was displayed more than ever in these last few months. Our branch staff again rose to the challenge to go above and beyond all customer expectations under conditions that none of us have worked under before. Three of our staff adjusted to weeks of working from home, while our in-office staff adjusted to strict social distancing and limitations on in-branch customer numbers and the number of customers allowed in appointments. We also have a hand-sanitising station upon entry into the branch, as well as the ongoing implantation of protective screens at all teller bays and office desks. I credit our impeccable performance to my staff's dedication and pride in the company they work for and to their belief in the Community Bank model.

Our branch has funded local sporting clubs, organisations, schools and major infrastructure within the town and I believe the pride and belief our staff have in our branch's ability to provide for a better community is what drove their performance during the peak of COVID-19. Despite the challenges of COVID-19, our branch and subsequently, the community continued to benefit from grants to multiple projects in our town.

Last financial year we provided $345,885 in funding, as well as $350,000 to the Community Enterprise Foundation™. Our number of products per customer has also increased by 4% from 1.914 to 1.99. We experienced a reduction of 9.4% in over-the-counter transactions, from 40,917 last year to 37,067. This is considered quite a small reduction given the impact of COVID-19 and our reduction in hours. As of February 2020, the branch has remained closed on Saturdays. The branch's overall business size (accounts/loans) grew 3.3%, from 7,461 to 7,704. Deposits and other business made up 18.5% of the growth, whilst loans and wealth retracted by 16.1%. This equated to an overall growth of $1.2 million for the financial year 2019/20. I feel we have continued to display the strong community engagement for which we are widely known.

The Board and staff have made large contributions to our strategic plan and this is something we look forward to implementing during the coming year. This year, Michelle Loxton has taken on a marketing role within the branch, as well as promoting the business through Facebook and Instagram. We have had extremely positive comments from the increase in our online presence which enables us to engage with more customers through an alternative medium. In other areas of the business, Community Bank Collie & Districts welcomed staff members Paige Nelson, Suzanne Barrett, Kellie Burnett and Bree Tanner to the team this financial year. Danelle Cockram and Felicity Nelson have ventured into the exciting new world of parenthood and thus have temporarily departed on maternity leave. We also said goodbye to Brooke Elliott and Nicole Gesue as they pursue alternative careers in Perth.

Overall, considering the challenges we have faced, I am pleased to report that we have experienced a satisfactory year in profit and growth. We are prepared to face the ongoing issues that will arise as COVID-19 progresses, and I hope to come back to you next year with news of another positive year.

Narelle Michalak
Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

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

Directors

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

Sarah Jane Stanley
Chair
Occupation: Consultant
Qualifications, experience and expertise: Primary consultant for Gumfire Marketing. Owner/Operator of Black Diamond Lodge. Shire President for the Shire of Collie, and a member/chair of a number of committees and panels, including the Economic Development Advisory Panel, Local Emergency Management Committee, Policy Committee and representative of the Shire of Collie on the South West Regional Road Group, South West Zone of the WA Local Government Association, Collie Futures Economic Advisory Group and Deputy Chair of the Bunbury Geographe Economic Alliance. Member of Collie River Valley Marketing Inc. and Collie Radio Control Club Inc. Previous experience includes inaugural director of Collie Art Gallery, international communications and community relations for Worsley Alumina and Bechtel.
Special responsibilities: Human Resources and Finance Committees
Interest in shares: 500 ordinary shares

Jeffrey Ian Riley
Non-executive director
Occupation: Self Employed
Qualifications, experience and expertise: Jeff has lived in Collie all of his life and has spent most of the last 40 years working as a carpenter. Jeff is self-employed running a building company with Leigh his wife. Jeff lives on a small family farm just out of Collie and he loves the Collie lifestyle (the bush and the river). Jeff is also the Community Bank WA State Representative for the collaborative marketing group and on the State preventative maintenance committee.
Special responsibilities: Finance & Admin, Scholarship and Premises Committees
Interest in shares: 500 ordinary shares

Anne-Marie Kathryn Farrell
Secretary
Occupation: Manager/Business Owner
Qualifications, experience and expertise: Manager at Collie Motorplex, Owner and Instructor of Alert Driving, Member of PCYC Advisory Committee. Previously employed by South 32 Worsley Alumina Pty Ltd for 24 years. Life member of Collie Netball Association and Collie Ladies Dart Association.
Special responsibilities: Human Resources, Scholarship and Premises Committees
Interest in shares: 3,000 ordinary shares

Ian Houghton Miffling
Non-executive director
Occupation: Retired
Qualifications, experience and expertise: Former Chief Executive Officer of the Shire of Collie, Justice of the Peace, Collie Shire Councillor, Board Secretary of The Coal Miners Welfare Board of WA. Member of Worsley Alumina Community Liaison Committee. Member of Griffin Coal Community Reference Board. Secretary of the North Collie Hall Management Group.
Special responsibilities: Marketing and Scholarship Committees
Interest in shares: 1,001 ordinary shares

Directors *(continued)*

Glyn Yates
Non-executive director
Occupation: Company Director
Qualifications, experience and expertise: Chair Keystart Home Loans Ltd, Chair Country Housing Authority, Director and past Chair Geographe bay Community Enterprises Limited, Past Councillor and Deputy Shire President Collie Shire, Past President Collie Chamber of Commerce and Industry Inc., Past National Chair and current WA representative on the Community Bank National Council, Chair Accredited Grass-fed Beef Co-op. Tertiary Qualifications in Forestry, business proprietor for more than 25yrs. Business interests in foresty, land management, farming, commercial property & enterprise management, Graduate Australia Institute of Company Directors.
Other Directorships: Geographe Bay Community Enterprises Ltd, Evergem Pty Ltd, G & R Yates Super Fund Pty Ltd, WFM Pty Ltd, Keystart Loans Ltd, Keystart Bonds Ltd, Keystart Support Pty Ltd, Keystart Support (subsidiary) Pty Ltd, Keystart Scheme Management Pty Ltd.
Special responsibilities: Human Resources Committee
Interest in shares: 5,000 ordinary shares

Kenneth William Smallwood
Non-executive director
Occupation: Retired
Qualifications, experience and expertise: Ex-Chief Engineer UK Merchant Navy, emigrated to WA from Scotland in 1983. Worked in the Power Generation industry in WA, SE Asia and Singapore for over 24 years, in various positions in both operations and maintenance. Former Treasurer of Collie Community Bank.
Special responsibilities: Marketing and Premises Committees
Interest in shares: 20,000 ordinary shares

John Alfred Piavanini
Non-executive director
Occupation: Company Director/Business Owner
Qualifications, experience and expertise: Business proprietor selling new and used earthmover parts as well as rental and farming properties. Collie Shire Councillor for 15 years, past Member of the Board of Collie Chamber of Commerce and Industry and a former Board Member of the Bunbury Wellington Economic Alliance. Vice President of Collie Vintage Tractor Club. President of Collie Vintage Car Club.
Special responsibilities: Chair Marketing and Premises Committee
Interest in shares: 2,501 ordinary shares

Julie Anne Pelliciari
Non-executive director (appointed 25 October 2019)
Occupation: Executive and Compliance Coordinator
Qualifications, experience and expertise: Member of Australiam Institute of Company Direcotrs; volunteering on many community organisations and held various officer positions; involvement in the development of business strategic plans and risk and continuity plans for medium to large businesses; partner of family business.
Special responsibilities: Marketing and Finance Committees
Interest in shares: 500 ordinary shares

Directors *(continued)*

Pamela Jean Anderson
Non-executive director (appointed 25 October 2019)
Occupation: Retail, OPSM, Collie
Qualifications, experience and expertise: Community member on Miners Welfare Board, Secretary/Treasurer - Collie Community Radio, Board Member - Riverview Residence, Research Officer for Mick Murray MLA.
Special responsibilities: Scholarship Committee
Interest in shares: 400 ordinary shares

Colleen Maree De'Angelis
Non-executive director (resigned 25 October 2019)
Occupation: Small Business Owner
Qualifications, experience and expertise: Business owner of a Hairdressing Salon for 28 years. Bookkeeper for a small electrical business. Assistant Treasurer of the Collie Cycle Club and Collie Italian Club. Board member of Valleyview. Life member of the Collie Basketball Association and the Collie Netball Association. Playing member of both netball and basketball. Married and lived in Collie for 32 years with two children.
Special responsibilities: Finance and Scholarship Committees
Interest in shares: 100 ordinary shares

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

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

Company Secretary

The company secretary is Anne-Marie Farrell. Anne was appointed to the position of secretary on 23 November 2015.

Qualifications, experience and expertise: Anne is the owner & instructor at Alert Driving. Is a life member of Collie Netball Association has worked at BHP Billiton Worsley Alumina Pty Ltd for 24 years.

Principal activity

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

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

Operating results

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

Year ended 30 June 2020 $	Year ended 30 June 2019 $
268,868	166,627

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Sarah Jane Stanley	500	-	500
Jeffrey Ian Riley	500	-	500
Anne-Marie Kathryn Farrell	3,000	-	3,000
Ian Houghton Miffling	1,001	-	1,001
Glyn Yates	5,000	-	5,000
Kenneth William Smallwood	20,000	-	20,000
John Alfred Piavanini	2,501	-	2,501
Julie Anne Pelliciari	500	-	500
Pamela Jean Anderson	400	-	400
Colleen Maree De'Angelis	100	-	100

No debentures or rights have been granted or options over such instruments in previous financial years or during the current financial year.

Dividends

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

	Cents per share	Total amount
Final fully franked dividend	27.48	118,235
Total amount	27.48	118,235

New Accounting Standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: *Leases* (AASB 16) was applicable from 1 July 2019. The company has assessed its leasing arrangements and noted the AASB 16 does not have a significant impact. See note 4 for further details.

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 26 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended									
			Marketing		Human Resources		Finance		Premises		Scholarship	
	E	A	E	A	E	A	E	A	E	A	E	A
Sarah Jane Stanley	12	12	-	-	1	1	3	3	-	-	-	-
Jeffrey Ian Riley	12	10	-	-	1	1	2	2	1	1	1	1
Anne-Marie Kathryn Farrell	12	9	-	-	1	1	-	-	-	-	-	-
Ian Houghton Miffling	12	11	7	4	-	-	-	-	-	-	1	1
Glyn Yates	12	10	3	2	-	-	1	1	-	-	-	-
Kenneth William Smallwood	12	11	7	6	-	-	-	-	1	1	-	-
John Alfred Piavanini	12	11	7	7	-	-	-	-	1	1	-	-
Julie Anne Pelliciari	8	8	4	3	-	-	2	2	-	-	-	-
Pamela Jean Anderson	8	8	-	-	-	-	-	-	-	-	1	1
Colleen Maree De'Angelis	4	4	-	-	-	-	1	1	-	-	-	-

E - eligible to attend
A - number attended

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 25 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the directors at Collie, Western Australia.

Sarah Jane Stanley, Chair

Dated this 29th day of July 2020

Auditor's independence declaration

Partners in success

Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Collie & Districts Community Financial Services Limited

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

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 29 July 2020

Joshua Griffin
Lead Auditor

Taxation | Audit | Business Services

Financial statements

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

	Notes	2020 $	2019 $
Revenue from contracts with customers	8	1,642,021	1,576,209
Other revenue	9	100,542	35,840
Finance income	10	1,561	1,498
Employee benefit expenses	11f)	(713,790)	(732,151)
Charitable donations, sponsorship, advertising and promotion	11d)	(437,447)	(391,981)
Occupancy and associated costs		(21,479)	(23,741)
Systems costs		(26,517)	(25,071)
Depreciation and amortisation expense	11a)	(40,844)	(43,170)
Finance costs	11b)	(11)	(10)
General administration expenses		(150,696)	(166,861)
Profit before income tax expense		353,340	230,562
Income tax expense	12a)	(84,472)	(63,935)
Profit after income tax expense		268,868	166,627
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		268,868	166,627
Earnings per share		¢	¢
- Basic and diluted earnings per share:	28a)	62.49	38.73

The accompanying notes form part of these financial statements

Statement of Financial Position

as at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	368,599	163,845
Trade and other receivables	14a)	136,786	136,671
Current tax assets	17a)	-	20,968
Total current assets		505,385	321,484
Non-current assets			
Property, plant and equipment	15a)	704,453	693,206
Intangible assets	16a)	14,923	26,115
Deferred tax asset	17b)	6,396	19,529
Total non-current assets		725,772	738,850
Total assets		1,231,157	1,060,334
LIABILITIES			
Current liabilities			
Trade and other payables	18a)	27,212	35,074
Current tax liabilities	17a)	18,846	-
Loans and borrowings	19a)	158	147
Employee benefits	20a)	88,298	67,394
Total current liabilities		134,514	102,615
Non-current liabilities			
Employee benefits	20b)	14,311	26,020
Total non-current liabilities		14,311	26,020
Total liabilities		148,825	128,635
Net assets		1,082,332	931,699
EQUITY			
Issued capital	21a)	430,259	430,259
Retained earnings	22	652,073	501,440
Total equity		1,082,332	931,699

The accompanying notes form part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2020

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2018		430,259	460,449	890,708
Total comprehensive income for the year		-	166,627	166,627
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	27	-	(125,636)	(125,636)
Balance at 30 June 2019		**430,259**	**501,440**	**931,699**
Balance at 1 July 2019		430,259	501,440	931,699
Total comprehensive income for the year		-	268,868	268,868
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	27	-	(118,235)	(118,235)
Balance at 30 June 2020		**430,259**	**652,073**	**1,082,332**

The accompanying notes form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,894,799	1,776,012
Payments to suppliers and employees		(1,507,133)	(1,502,123)
Interest received		1,561	1,498
Lease payments not included in the measurement of lease liabilities	11g)	(8,670)	-
Income taxes paid		(31,526)	(157,599)
Net cash provided by operating activities	23	349,031	117,788
Cash flows from investing activities			
Payments for property, plant and equipment		(44,223)	(2,488)
Proceeds from sale of property, plant and equipment		18,181	-
Net cash used in investing activities		(26,042)	(2,488)
Cash flows from financing activities			
Dividends paid	27	(118,235)	(125,636)
Net cash used in financing activities		(118,235)	(125,636)
Net cash increase/(decrease) in cash held		204,754	(10,336)
Cash and cash equivalents at the beginning of the financial year		163,845	174,181
Cash and cash equivalents at the end of the financial year	13a)	368,599	163,845

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2020

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
70 Forrest Street Collie WA 6225	70 Forrest Street Collie WA 6225

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 26.

Note 2 Basis of preparation and statement of compliance

Basis of preparation and statement of compliance

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

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

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

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 29 July 2020.

Note 3 Changes in accounting policies, standards and interpretations

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

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) was applicable from 1 July 2019. The impact of applying AASB 16 has been assessed as insignificant by the company.

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

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

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

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo Bank for a deposit,
- *minus* any costs of funds i.e. interest applied by to fund a loan.

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

Commission

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

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

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

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

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

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

b) Other revenue

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

Revenue	Revenue recognition policy
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

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

b) Other revenue *(continued)*

Discretionary financial contributions

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

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

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

Cash flow boost

During the financial year, in response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

c) Economic dependency - Bendigo Bank *(continued)*

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliable estimated.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimate future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

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

e) Taxes

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

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

Current income tax

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

Deferred tax

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

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

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

The company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on the company either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

e) Taxes *(continued)*

Goods and Services Tax

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

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

Recognition and measurement

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

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

Subsequent expenditure

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

Depreciation

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

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

Asset class	Method	Useful life
Building	Straight-line	40 years
Leasehold improvements	Straight-line	5 to 15 years
Plant and equipment	Straight-line and diminishing value	2.5 to 40 years
Motor vehicles	Diminishing value	3 to 6 years

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

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

h) Intangible assets

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

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure

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

Amortisation

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

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

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

i) Financial instruments

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

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

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

Recognition and initial measurement

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

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

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

i) Financial instruments *(continued)*

Classification and subsequent measurement

Financial assets

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

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

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

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

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

Financial assets - business model assessment

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

Financial assets - subsequent measurement and gains and losses

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

Financial liabilities - classification, subsequent measurement and gains and losses

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

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

i) Financial instruments *(continued)*

Derecognition

Financial assets

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

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

Financial liabilities

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

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

Offsetting

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

j) Impairment

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

- financial assets that are measured at FVTOCI;
- lease receivables;
- loan commitments that are not measured at FVTPL; and
- financial guarantee contracts that are not measured at FVTPL.

Loss allowance is not recognised for:

- financial assets measured at FVTPL; or
- equity instruments measured at FVTOCI.

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

The company uses the simplified approach to impairment. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime ECL at all times.

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

j) Impairment *(continued)*

Non-derivative financial assets (continued)

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

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

<u>Recognition of expected credit losses in financial statements</u>

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

The directors have assessed the ECL and noted it is not material.

Non-financial assets

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

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

k) Issued capital

Ordinary shares

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

l) Leases

<u>Short-term leases and leases of low-value assets</u>

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

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

m) Standards issued but not yet effective

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

Note	Judgement
- Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;

b) Assumptions and estimation uncertainties

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

Note	Assumptions
- Note 8 - revenue recognition	estimate of expected returns;
- Note 17 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 20 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;

Note 6 Financial risk management

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

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

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

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

a) Credit risk

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

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

Note 6 Financial risk management *(continued)*

b) Liquidity risk

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

The company maintains the following lines of credit with Bendigo Bank:

- A $158 commercial loan facility secured by the company's assets of $105,865. It was drawn to $158 as at 30 June 2020. Interest is payable at a rate of 5.64% (2019: 7.05%)

The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

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

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	158	158	-	-
Trade payables	8,538	8,538	-	-
	8,696	8,696	-	-

30 June 2019

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	147	147	-	-
Trade payables	10,532	10,532	-	-
	10,679	10,679	-	-

Note 6 Financial risk management *(continued)*

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $368,599 at 30 June 2020 (2019: $163,845). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 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 distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

The distribution limit is the greater of:

(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2020 can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 8 Revenue from contracts with customers

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

Revenue from contracts with customers	2020 $	2019 $
Revenue:		
- Revenue from contracts with customers	1,642,021	1,576,209
	1,642,021	1,576,209

Disaggregation of revenue from contracts with customers

At a point in time:		
- Margin income	1,367,605	1,356,814
- Fee income	102,222	101,399
- Commission income	172,194	117,996
	1,642,021	1,576,209

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

Note 9 Other revenue

The company generates other sources of revenue mainly from rental income from owned properties and discretionary contributions received from the franchisor.

Other revenue	2020 $	2019 $
Revenue:		
- Sub-leasing income	23,185	25,840
- Market development fund income	10,000	10,000
- Cash flow boost	50,000	-
- Sale of property, plant and equipment	14,857	-
- Other income	2,500	-
	100,542	35,840

Note 10 Finance income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Finance income	2020 $	2019 $
At amortised cost:		
- Cash at bank	1,561	1,498
	1,561	1,498

Note 11 Expenses

a) Depreciation and amortisation expense

	2020 $	2019 $
Depreciation of non-current assets:		
- Buildings	8,986	8,986
- Leasehold improvements	9,424	11,800
- Plant and equipment	3,911	3,951
- Motor vehicles	7,331	7,241
	29,652	31,978
Amortisation of intangible assets:		
- Franchise fee	2,238	2,238
- Franchise renewal process fee	8,954	8,954
	11,192	11,192
Total depreciation and amortisation expense	40,844	43,170

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

b) Finance costs

	2020 $	2019 $
Finance costs:		
- Bank loan interest paid or accrued	11	10
	11	10

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

c) Impairment loss on trade receivables and contract assets

The franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. Due to the reliance on Bendigo Bank the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo Bank receivable as at 30 June 2020.

Note 11 Expenses *(continued)*

d) Charitable donations, sponsorship, advertising and promotion

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	Note	2020 $	2019 $
- Direct sponsorship, advertising, and promotion payments		52,447	191,981
- Contribution to the Community Enterprise Foundation™	11e)	350,000	200,000
		437,447	391,981

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

e) Community Enterprise Foundation™ contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations and sponsorship expenditure included in profit or loss.

Disaggregation of CEF funds	Note	2020 $	2019 $
Opening balance		720,342	1,132,566
Contributions paid in	11d)	350,000	200,000
Grants paid out		(158,404)	(619,957)
Interest received		7,986	17,732
Management fees incurred		(17,498)	(9,999)
Balance available for distribution		902,426	720,342

f) Employee benefit expenses

	2020 $	2019 $
Wages and salaries	633,572	632,777
Non-cash benefits	-	9,370
Contributions to defined contribution plans	57,423	57,933
Expenses related to long service leave	1,253	6,492
Other expenses	21,542	25,579
	713,790	732,151

Note 11 Expenses *(continued)*

g) Recognition exemption

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

	2020 $	2019 $
Expenses relating to low-value leases	8,670	-
	8,670	-

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

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

Note 12 Income tax expense

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

a) Amounts recognised in profit or loss

	2020 $	2019 $
Current tax expense/(credit)		
- Current tax	71,340	66,662
- Movement in deferred tax	12,763	(2,727)
- Reduction in company tax rate	369	-
	84,472	63,935

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a gain of $369 related to the remeasurement of deferred tax assets and liabilities of the company.

b) *Prima facie* income tax reconciliation

	2020 $	2019 $
Operating profit before taxation	353,340	230,562
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	97,169	63,405
Tax effect of:		
- Non-deductible expenses	684	530
- Temporary differences	(12,763)	2,727
- Other assessable income	(13,750)	-
- Movement in deferred tax	12,763	(2,727)
- Movement in company tax rate	369	-
	84,472	63,935

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020 $	2019 $
Cash at bank and on hand	368,599	163,845
	368,599	163,845

Note 14 Trade and other receivables

a) Current assets	2020 $	2019 $
Trade receivables	134,754	136,530
Prepayments	2,032	141
	136,786	136,671

Note 15 Property, plant and equipment

a) Carrying amounts	2020 $	2019 $
Land		
At cost	200,000	200,000
	200,000	200,000
Buildings		
At cost	359,421	359,421
Less: accumulated depreciation and impairment	(77,271)	(68,285)
	282,150	291,136
Leasehold improvements		
At cost	223,079	223,079
Less: accumulated depreciation and impairment	(55,999)	(46,575)
	167,080	176,504
Plant and equipment		
At cost	54,208	53,890
Less: accumulated depreciation and impairment	(42,602)	(38,691)
	11,606	15,199

Note 15 Property, plant and equipment *(continued)*

a) Carrying amounts	2020 $	2019 $
Motor vehicles		
At cost	43,906	38,617
Less: accumulated depreciation and impairment	(289)	(28,250)
	43,617	10,367
Total written down amount	704,453	693,206

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

b) Reconciliation of carrying amounts	2020 $	2019 $
Land		
Carrying amount at beginning	200,000	200,000
Carrying amount at end	200,000	200,000
Buildings		
Carrying amount at beginning	291,136	300,122
Depreciation	(8,986)	(8,986)
Carrying amount at end	282,150	291,136
Leasehold improvements		
Carrying amount at beginning	176,504	188,304
Depreciation	(9,424)	(11,800)
Carrying amount at end	167,080	176,504
Plant and equipment		
Carrying amount at beginning	15,199	16,662
Additions	318	2,488
Depreciation	(3,911)	(3,951)
Carrying amount at end	11,606	15,199
Motor vehicles		
Carrying amount at beginning	10,367	17,608
Additions	25,725	-
Disposals	14,856	-
Depreciation	(7,331)	(7,241)
Carrying amount at end	43,617	10,367
Total written down amount	704,453	693,206

Note 16 Intangible assets

a) Carrying amounts

	2020 $	2019 $
Franchise fee		
At cost	61,192	61,192
Less: accumulated amortisation and impairment	(58,207)	(55,969)
	2,985	5,223
Franchise renewal process fee		
At cost	44,769	44,769
Less: accumulated amortisation and impairment	(32,831)	(23,877)
	11,938	20,892
Total written down amount	14,923	26,115

b) Reconciliation of carrying amounts

	2020 $	2019 $
Franchise fee		
Carrying amount at beginning	5,223	7,461
Amortisation	(2,238)	(2,238)
Carrying amount at end	2,985	5,223
Franchise renewal process fee		
Carrying amount at beginning	20,892	29,846
Amortisation	(8,954)	(8,954)
Carrying amount at end	11,938	20,892
Total written down amount	14,923	26,115

c) Changes in estimates

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

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

Note 17 Tax assets and liabilities

a) Current tax

	2020 $	2019 $
Income tax payable/(refundable)	18,846	(20,968)

b) Deferred tax

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

	30 June 2019	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	30 June 2020
Deferred tax assets	$	$	$	$	$
- expense accruals	840	(840)	-	-	-
- employee provisions	25,689	1,028	-	-	26,717
Total deferred tax assets	26,529	188	-	-	26,717
Deferred tax liabilities					
- property, plant and equipment	7,000	13,321	-	-	20,321
Total deferred tax liabilities	7,000	13,321	-	-	20,321
Net deferred tax assets (liabilities)	19,529	(13,133)	-	-	6,396

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

	30 June 2018	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	30 June 2019
Deferred tax assets	$	$	$	$	$
- expense accruals	774	66	-	-	840
- employee provisions	24,217	1,472	-	-	25,689
Total deferred tax assets	24,991	1,538	-	-	26,529
Deferred tax liabilities					
- property, plant and equipment	8,189	(1,189)	-	-	7,000
Total deferred tax liabilities	8,189	(1,189)	-	-	7,000
Net deferred tax assets (liabilities)	16,802	2,727	-	-	19,529

Note 17 Tax assets and liabilities *(continued)*

c) Uncertainty over income tax treatments

As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 18 Trade creditors and other payables

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

a) Current liabilities	2020 $	2019 $
Trade creditors	8,538	10,532
Other creditors and accruals	18,674	24,542
	27,212	35,074

Note 19 Loans and borrowings

a) Current liabilities	2020 $	2019 $
Current portion of secured bank loans	158	147
	158	147

b) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2020 Face value	30 June 2020 Carrying value	30 June 2019 Face value	30 June 2019 Carrying value
Secured bank loans	5.6%	-	158	158	147	147

Note 20 Employee benefits

a) Current liabilities	2020 $	2019 $
Provision for annual leave	40,801	32,859
Provision for long service leave	47,497	34,535
	88,298	67,394

Note 20 Employee benefits *(continued)*

b) Non-current liabilities

	2020 $	2019 $
Provision for long service leave	14,311	26,020
	14,311	26,020

c) Key judgement and assumptions

Employee attrition rates

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Note 21 Issued capital

a) Issued capital

	2020		2019	
	Number	$	Number	$
Ordinary shares - fully paid	430,259	430,259	430,259	430,259

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Note 21 Issued capital *(continued)*

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

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

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

Note 22 Retained earnings

	2020 $	2019 $
Balance at beginning of reporting period	501,440	460,449
Net profit after tax from ordinary activities	268,868	166,627
Dividends provided for or paid	(118,235)	(125,636)
Balance at end of reporting period	652,073	501,440

Note 23 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Net profit after tax from ordinary activities	268,868	166,627
Adjustments for:		
- Depreciation	29,652	31,978
- Amortisation	11,192	11,192
- (Profit)/loss on disposal of non-current assets	(14,857)	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(115)	14,605
- (Increase)/decrease in other assets	34,101	(23,695)
- Increase/(decrease) in trade and other payables	(7,851)	(18,304)
- Increase/(decrease) in employee benefits	9,195	5,354
- Increase/(decrease) in tax liabilities	18,846	(69,969)
Net cash flows provided by operating activities	349,031	117,788

Note 24 Financial instruments

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

	Note	2020 $	2019 $
Financial assets			
Trade and other receivables	14	134,754	136,530
Cash and cash equivalents	13	368,599	163,845
		503,353	300,375
Financial liabilities			
Trade and other payables	18	8,538	10,532
Secured bank loans	19	158	147
		8,696	10,679

Note 25 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.	2020 $	2019 $
Audit and review services		
- Audit and review of financial statements	4,800	4,600
	4,800	4,600
Non audit services		
- Taxation advice and tax compliance services	1,300	1,295
- General advisory services	2,400	2,130
	3,700	3,425
Total auditor's remuneration	8,500	8,025

Note 26 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Sarah Jane Stanley
Jeffrey Ian Riley
Anne-Marie Kathryn Farrell
Ian Houghton Miffling
Glyn Yates
Kenneth William Smallwood
John Alfred Piavanini
Julie Anne Pelliciari
Pamela Jean Anderson
Colleen Maree De'Angelis

b) Key management personnel compensation

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

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

c) Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties	2020 $	2019 $
- Sarah Stanley received remuneration for marketing services carried out by Collie River Valley Marketing Inc.. The total benefit received was:	419	1,854
Total transactions with related parties	419	1,854

Note 27 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2020		30 June 2019	
	Cents	$	Cents	$
Fully franked dividend	27.48	118,235	29.20	125,636
Total dividends paid during the financial year	27.48	118,235	29.20	125,636

The tax rate at which dividends have been franked is 27.5% (2019: 27.5%).

b) Franking account balance

	2020	2019
	$	$
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	410,952	410,952
Franking transactions during the financial year:		
- Franking debits arising from income taxes refunded	(50,178)	-
- Franking debits from the payment of income tax instalments	81,704	-
- Franking debits from the payment of franked distributions	(44,848)	-
Franking account balance at the end of the financial year	397,630	410,952
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	18,846	(20,968)
Franking credits available for future reporting periods	416,476	389,984

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 28 Earnings per share

a) Based and diluted earnings per share

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

	2020	2019
	$	$
Profit attributable to ordinary shareholders	268,868	166,627
	Number	Number
Weighted-average number of ordinary shares	430,259	430,259
	Cents	Cents
Basic and diluted earnings per share	62.49	38.73

Note 29 Commitments

a) Lease commitments

	2020 $	2019 $
Operating lease commitments - lessor		
The future minimum lease payments receivable under non-cancellable operating lease in the aggregate and for each of the following periods:		
- not later than 12 months	20,004	15,786
- between 12 months and 5 years	93,352	-
Minimum lease payments receivable	113,356	15,786

b) Other commitments

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

Note 30 Contingencies

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

Note 31 Subsequent events

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

Directors' declaration

In accordance with a resolution of the directors of Collie & Districts Community Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001* , including:

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

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

Sarah Jane Stanley, Chair

Dated this 29th day of July 2020

Independent audit report

Partners in success

Chartered Accountants

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Independent auditor's report to the members of Collie & Districts Community Financial Services Limited

Report on the audit of the financial report

Our opinion
In our opinion, the accompanying financial report of Collie & Districts Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

What we have audited
Collie & Districts Community Financial Services Limited's (the company) financial report comprises the:

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

Basis for opinion
We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APE*S 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 29 July 2020

Joshua Griffin
Lead Auditor

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/CollieDistrictsCommunityBankBranch

Bendigo Bank