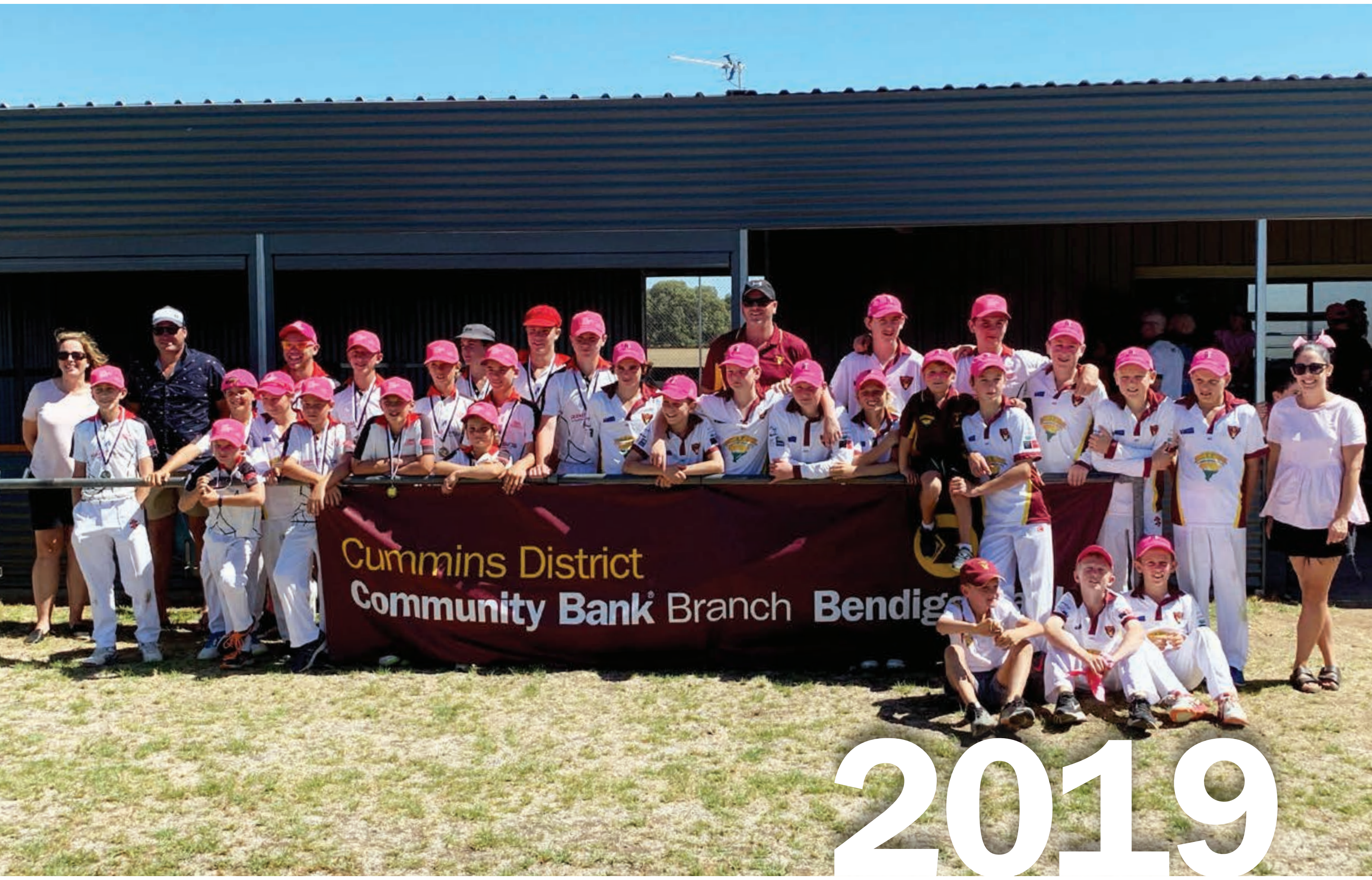
Cummins District Financial Services Limited

ABN 25 094 393 692



2019 Annual Report

Cummins District Community Bank Branch
Wudinna Agency

Contents

Chairman's report

For year ending 30 June 2019

Once again it is my privilege to present the Cummins District Financial Services Limited 19th Annual Report for the financial year ending 30 June 2019. Our staff and branch continue to grow our business with a further increase of $16.62 million total business in 2018/19 financial year. Our Rural Bank business is now 47% of our total business.

After 19 years of having a Community Bank branch, we as a community must be grateful for the foresight and the value that the original steering committee saw. By simply doing your banking locally with your Community Bank branch you have enhanced and developed local community facilities, with Community Investment now over $4.029 million. In the last financial year $209,954 was contributed to communities, with $41,940 to schools/education, sporting partnerships of $21,000, partnership with local government $25,010, grant and partnership with health $28,000, other sponsorships $3,000 and other community investments of $91,000.

Our staff are our greatest asset to our Community Bank branch and this was recognised in the District Council of Lower Eyre Peninsula Australia Day awards, with Business of the Year 2019. All our staff are passionate and professional about community banking. They all live in our local communities, contributing to varying community bodies and projects. The Board are proud of our staff's achievement and thank them for their work ethic and commitment to our Community Bank branch. Thank you to Rural Bank's Chris Miller, Bendigo and Adelaide Bank Limited's Business Banking Team of Darren Goodwin, Bernadette Redden and Tiffany Franklin also for their support and contribution to growing Cummins District Community Bank Branch.

Thank you once again to my fellow Directors for volunteering your time to serve as a Director, in an increasingly challenging role with the operation of Cummins District Financial Services Limited. This year Mike Ford and Adam Richardson joined our Board, bringing new skills and experience. Our Board has operated with nine Directors for the past two years and we, as a Board, are always looking at our succession plan for future Directors, so if you have an interest please contact a Director. Thank you to our Company Secretary Ingrid Kennerly for her role and support to our Board. Thank you also to our Business Promotions Officer Amanda Puckridge, who keeps our Community Bank branch at the forefront of our communities.

Cummins District Community Bank Branch continues to grow and invest back into our local communities, thank you to our customers/clients and shareholders who continue to bank and do business locally. The Banking Royal Commission has put the finance industry on notice over the last 12 months, so now may be a good opportunity for those who are not Community Bank branch clients/customers to come and talk to our Bendigo Bank and Rural Bank staff. All that we ask is for you to give Braden Gale, Chris Miller and their staff an opportunity to talk to you about your personal and business finance needs.

Mick Howell
Chairman

Manager's report

For year ending 30 June 2019

It gives me great pleasure to report on the Cummins District Community Bank Branch performance for the 2018/19 financial year, whereby we again realised significant growth.

The branch's total business held increased by $16.620 million, taking the total as at 30 June 2019 to $234.219 million.

The table provides a breakdown of the branch's performance as at 30 June 2019.

Product	2019 $mil	2018 $mil
BBL Deposits	$62.911	$60.320
BBL Loans	$47.473	$52.184
Rural Bank Deposits	$25.530	$14.568
Rural Bank Loans	$85.967	$78.147
Financial Planning	$10.438	$9.720
Superannuation	$0.702	$0.662
Leveraged Equities	$0.036	$0.036
Community Sector Banking Deposits	$0.289	$0.386
Bendigo Managed Funds	$0.070	$0.068
Financial Markets Deposits	$.802	$1.507
Total	**$234.219**	**$217.598**

The majority of the increase was seen in Rural Bank deposits ($10.962 million), with other categories with significant growth being Rural Bank loans ($7.82 million), and Bendigo Bank deposits ($2.591 million). It is also worth noting, whilst not categorised above, our consumer lending including Bendigo Bank Housing loans, personal loans and credit cards also realised significant growth of $2.303 million.

We continue to enjoy a stable staffing within our branch, with no arrivals or departures this financial year. The staff who are currently serving Cummins District Community Bank Branch are Joannah Baptiste (Customer Relationship Manager), Josie Turnbull (Customer Relationship Manager), Caro Meyers (Senior Customer Service Officer), Holly Pervan (Customer Relationship Officer), Vikki Phillips (Customer Service Officer), Zan Cafuta (Customer Service Officer), Amy Fuss (Customer Service Officer), and Amanda Puckridge (Business Promotions Officer). We are fortunate to have such experienced and knowledgeable staff who are dedicated to our customers and our business, and I thank each of them for their efforts.

The banking industry continues to undergo constant change, and as a Community Bank branch we are not immune to these changes. Digital-access technology continues to forge forward to meet consumer demand, and record-low interest rates continue to challenge our profit margins. However, it is our point of difference of investing in our community that sets us apart from our competitors. In 2020 we are celebrating 20 years since the formation of Cummins District Community Bank Branch, and whilst there are challenges we face, we are confident that by doing the right thing for our customers and our community, it places us in great stead to continue our success going forward.

Our total level of community investment is now over $4 million, and the focus for Cummins District Community Bank Branch remains – excellent customer service, strong engagement with our communities, and growth of our business to continue this significant level of investment into Cummins and surrounding districts.

Braden Gale
Branch Manager

Directors past and present

Cummins District Financial Services Limited Directors

2000/01
Leo Haarsma (Chairman), Wendy Holman (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden, Nigel Myers, John N Hill, Brian Treloar, Robyn Wedd, Tracy Wilson (R 13.9.2001).

2001/02
Leo Haarsma (Chairman), Wendy Holman (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden, Nigel Myers, John N Hill, Brian Treloar (R 26.2.2002), Robyn Wedd, Michael Treloar (A 26.2.2002).

2002/03
Leo Haarsma (Chairman), Wendy Holman (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden, Nigel Myers, John N Hill (R 26.11.2002), Jim Secker (A 26.11.2002), Robyn Wedd, Michael Treloar.

2003/04
Leo Haarsma (Chairman), Nigel Myers (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden, Leanne Pringle (A 11.11.2003), Wendy Holman, Jim Secker, Robyn Wedd (R 11.11.2003), Michael Treloar.

2004/05
Leo Haarsma (Chairman), Nigel Myers (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden (R 9.11.2004), Leanne Pringle (R 26.4.2005), Wendy Holman, Jim Secker, Dianne Modra (A 9.11.2004), Michael Treloar (R 9.11.2004), Jarrod Phelps (A 9.11.2004), Michael Howell (A 9.11.2004).

2005/06
Dianne Modra (Chairman), Nigel Myers (Secretary), Jeffery Pearson, Peter Cabot, Leo Haarsma, Peter Glover (A 29.11.2005), Wendy Holman, Jim Secker (R 29.11.2005), Jarrod Phelps, Michael Howell, Phillip Minhard (A 29.11.2005).

2006/07
Dianne Modra (Chairman), Nigel Myers (Secretary) (R 7.11.2006), Jeffery Pearson, Peter Cabot, Leo Haarsma, Peter Glover, Wendy Holman, Darren Smith (A 7.11.2006), Jarrod Phelps, Michael Howell, Phillip Minhard.

2007/08
Dianne Modra (Chairman), Wendy Holman (Secretary), Jeffery Pearson, Peter Cabot, Leo Haarsma, Peter Glover, Darren Smith, Jarrod Phelps, Michael Howell, Phillip Minhard.

2008/09
Dianne Modra (Chairman), Wendy Holman (Secretary), Jeffery Pearson (R 10.11.2008), Peter Cabot (R 10.11.2008), Leo Haarsma, Peter Glover, John Wood (A 10.11.2008), Darren Smith, Jarrod Phelps, Michael Howell, Phillip Minhard (R 10.11.2008), Darren Kelly (A 10.11.2008), Scott Bascombe (A 10.11.2008).

2009/10
Dianne Modra (Chairman), Wendy Holman, Darren Kelly, Scott Bascombe, Leo Haarsma, Peter Glover, John Wood, Darren Smith, Jarrod Phelps, Michael Howell, Kerry Head (Company Secretary).

2010/11
Peter Glover (Chairman), Wendy Holman, Darren Kelly, Scott Bascombe, Leo Haarsma (R 8.11.2010), John Wood, Darren Smith (R 8.11.2010, Jarrod Phelps, Michael Howell (R 8.11.2010, David Guidera (A 8.11.2010), Heather Norton (A 8.11.2010), Brigette Hall (A 8.11.2010), Kate Hancock (Company Secretary).

2011/12
Peter Glover (Chairman), Wendy Holman, Darren Kelly, Scott Bascombe, Mandy Pedler (A 01.2012), Dianne Modra, John Wood, Brigette Hall, Jarrod Phelps (R 01.2012), David Guidera, Heather Norton, Kate Hancock (Company Secretary).

2012/13
Peter Glover (Chairman), Wendy Holman, Darren Kelly, Scott Bascombe, Mandy Pedler, Dianne Modra (R 11.2012), John Wood, Brigette Hall, Elizabeth Burns (A 11.2012), David Guidera, Heather Norton, Kate Hancock (Company Secretary).

2013/14
Peter Glover (Chairman), Wendy Holman, Darren Kelly (R 11.2013), Scott Bascombe, Mandy Pedler, Jill Wedd (A 06.2014), John Wood, Brigette Hall (R 11.2013), Elizabeth Burns, George Pedler (A 01.2014), David Guidera (R 11.2013), Heather Norton, Roger Laube (A 11.2013), Kate Hancock (Company Secretary).

2014/15
Peter Glover (Chairman), Wendy Holman, Mandy Pedler (R 1.2015), Scott Bascombe (R 10.2014), Michael Minhard (A 11.2014), Jill Wedd, John Wood, Whitney Mickan (A 1.2015), Elizabeth Burns, George Pedler, Heather Norton, Roger Laube, Simone Murnane (Company Secretary).

2015/16
Peter Glover (Chairman), Wendy Holman, Whitney Mickan, Michael Minhard, Jill Wedd, John Wood, Elizabeth Burns (R 2.11.2015), George Pedler, Heather Norton, Roger Laube, Michael Howell (A 22.2.2016), Rebecca Habner (Company Secretary).

2016/17
Michael Howell (Chairman), Wendy Holman, Whitney Wright, Peter Glover, Michael Minhard, Jill Wedd, John Wood, George Pedler, Heather Norton, Roger Laube (R 7.11.2016), Rebecca Habner (Company Secretary).

2017/18
Michael Howell (Chairman), Wendy Holman, Whitney Wright, Peter Glover, Michael Minhard (R 6.11.2017), Jill Wedd, John Wood (R 6.11.2017), Elizabeth Holley (A 28.12.2017), Terry Habner (A 26.3.2018), George Pedler, Heather Norton, Ingrid Kennerley (Company Secretary).

2018/19
Michael Howell (Chairman), Wendy Holman (R 5.11.2018), Whitney Wright (R 5.11.2018), Peter Glover, Adam Richardson (A 17.12.2018), Jill Wedd, Mike Ford (A 22.1.2019), Elizabeth Holley, Terry Habner, George Pedler, Heather Norton, Ingrid Kennerley (Company Secretary).

A = Appointed R = Resigned

Community contributions 2018/19

Partnership			
26 July 2018	Cummins Area School	Led Steers Shirts - five year deal	2,090
26 July 2018	Cummins Area School	Youth Opportunities Program - three year deal	24,000
26 July 2018	Cummins Area School	Science & Engineering Challenge	2,500
26 July 2018	Cummins Kapinnie Football Club	New Goal Post Covers for Kapinnie Football	2,800
26 July 2018	Cummins Show Entertainment Committee	Annual Partnership for Entertainment Costs	1,000
22 August 2018	Coffin Bay - A Day on the Bay	Lawn games & childrens activity bags	300
24 September 2018	Cummins A&H Show Society	Annual Partnership	249
24 September 2018	Kapinnie/Mt Hope Cricket Club	New Shirts & Caps - five year deal	1,000
24 September 2018	Yallunda Flat Show	Cash for showperson prizes	500
18 October 2018	Wudinna Bowling Club	Prizemoney for EP wide competition	500
18 October 2018	Cummins Bowling Club	Annual Partnership and prize money	1,000
22 November 2018	Cummins Tennis Club	Annual Partnership	750
22 November 2018	Great Flinders Junior Tennis Association	Annual Partnership for Yearly Tournament	500
20 December 2018	Cummins Cricket Club	Annual Partnership	500
17 January 2019	Cummins Trek	Funding for the Cummins Trek taking place in February	2,000
17 January 2019	Coffin Bay Golf Club	Extensions on Clubhouse verandah (Partnership was halves with Port Lincoln)	1,000
21 February 2019	Cummins Kapinnie Netball Club	Annual Partnership	700
21 February 2019	Cummins & District Enterprise Committee	Saucy Saturday - 2019	500
21 February 2019	Cummins Golf Club	Bridge Repairs	5,000
21 February 2019	Great Flinders Junior Cricket Association	Annual Partnership for Grand Final	250
21 February 2019	EEPASSA	EP Sports Day Prizes	350
21 March 2019	Cummins Rambler Football Club	2019 Annual Partnership	1,000
21 March 2019	Lock Football & Netball Club	Annual Partnership and Signage	1,500
21 March 2019	Cummins Rambler Netball Club	Annual Partnership	700
2 May 2019	United Yeelanna Football Club	Annual Partnership	1,000
2 May 2019	United Yeelanna Netball Club	Annual Partnership	700
2 May 2019	Cummins Kapinnie Football Club	Annual Partnership	1,000
2 May 2019	Cummins Area School	Merino Challenge in Sydney - two students attending	1,000
30 May 2019	Edillilie Memorial Progress Assocation	Signage for the Edillilie Hall	1,771
30 May 2019	Great Flinders Netball Assocation	Costs for Country Champs	1,000
Grants			
20 December 2018	Cummins District Enterprise Committee	Cummins Homes Retirement Living Upgrade	12,500
20 December 2018	Cummins District Enterprise Committee	Cummins Mens Shed - Purchase of Shed	50,000
20 December 2018	Cummins District Enterprise Committee	Cummins Community Hall - Airconditiong	18,400
20 December 2018	West Coast Youth & Community Support, Mentally Fit EP	Running of the Mentally Fit EP program	25,000
20 December 2018	Coffin Bay Progress Association	Mural on the Coffin Bay Community Hall	2,600

Directors' report

For the financial year ended 30 June 2019

The Directors present their report of the company for the financial year ended 30 June 2019.

Directors

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

Directors	Details
Michael Howell	Director since February 2016, Chairperson since November 2016 and part of the HR and Audit Committees. Previously a Director for 2 terms as well. Aerotech Operations Manager for the last 16 years.
Peter Glover	Director since November 2005. Chairperson from November 2010 to November 2016 as well as part of the HR and Audit Committees. Resigned In June 2016 from the position of Secretary with the Australian Grain Growers Cooperative. Farmer. GAICD (Graduate of Australian Institute of Company Directors).
Heather Norton	Director since November 2010 and part of the Business Promotions Committee. Business Manager/ Owner/ Secretary of Nortons Transport.
George Pedler	Director since January 2014 and part of the Business Development Committee. Currently Committee Member of several local sporting committees and LEADA. Farm Consultant and Agronomist for 10 years and Small Business Owner/ Manager since January 2014. Bachelor of Agriculture.
Jill Wedd	Director since June 2014 and part of the Business Promotions Committee. Owner/Manager of John Deere Machinery dealership for 30 years and Senior Administration at Cummins Garage.
Elizabeth Holley	Current Director, Current and past member of numerous local committees, including holding positions of President, Secretary and Treasurer. Bachelor of Arts (Honours Zoology), Graduate Diploma of Education.
Terry Habner	Farmer, Past Chairman of Cummins Catholic Church.
Adam Richardson	Appointed 17 December 2018. Electrician - owner and manager of own business, Linesman (Trade Skilled Worker with ETSA now SA Power Networks and Supermarket retail owner.
Michael Ford	Appointed 22 January 2019. Deputy Principal & High School (secondary) Teacher. Teaching Degree & 37 years of teaching in schools.
Wendy Holman	Resigned 5 November 2018. Diploma Teaching (Secondary) and Graduate Diploma Librarianship. Director since September 2000, with 4 years as Secretary. Member of Building Committee, Business Promotions, Audit. Governance Elected Member of District Council of Lower Eyre Peninsula. Past Chair and current Member of Cummins District Enterprise Committee. Past Chair and current Member of Lower Eyre Health Advisory Council. Primary Producer. SA Citizen of Year 2001.
Whitney Wright	Resigned 5 November 2018. Bachelor of Commerce. Director and Treasurer since January 2015 and part of the HR Committee and Audit Committee. Currently Director and Manager of WM Bookkeeping and Alwright Pastoral. Treasurer of Ramblers Social Club and Secretary of Yallunda Flat A&H Society. Bookkeeper.

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings		Audit Committee meetings	
	A	**B**	**A**	**B**
Michael Howell	12	12	3	3
Peter Glover	12	10	3	3
Heather Norton	12	9	N/A	N/A
George Pedler	12	9	N/A	N/A
Jill Wedd	12	8	N/A	N/A
Elizabeth Holley	12	7	3	0
Terry Habner	12	11	N/A	N/A
Adam Richardson	6	5	N/A	N/A
Michael Ford	5	4	N/A	N/A
Wendy Holman	4	4	N/A	N/A
Whitney Wright	4	4	1	1

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Ingrid Kennerley has been the Company Secretary of Cummins District Financial Services Limited since 14 June 2018. Ingrid's qualifications and experience include a Degree in Natural Resources Management and Graduate Diploma in Agriculture and Office Manager for the Cummins Milling Co, Treasurer of Great Flinders Football League, Treasurer of the Cummins Memorial Swimming Pool, Treasurer of the Reds Rambler Canteen and past Secretary of the Cummins Rambler Netball Club.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $69,330 (2018 profit: $26,978), which is a 157% increase as compared with the previous year. The profit increase of $42,352 is directly related to our increase in income due to business growth for the financial year of $16.62 million.

Dividends

A fully franked final dividend of 10 cents per share was declared and paid during the year for the year ended 30 June 2018. No dividend has been declared or paid for the year ended 30 June 2019 as yet.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 9 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Cummins on 23 September 2019.

Michael Howell
Director

Auditor's independence declaration

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

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Cummins District Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

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

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

RSD Audit

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

Dated: 24 September 2019

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	Notes	2019 $	2018 $
Revenue	2	1,418,309	1,311,713
Expenses			
Employee benefits expense	3	(594,303)	(575,203)
Depreciation and amortisation	3	(48,452)	(48,019)
Finance costs	3	(1,318)	(4,554)
Bad and doubtful debts expense	3	(141)	-
Accounting, auditing and compliance expense		(19,445)	(18,896)
Advertising and promotion		(15,960)	(12,595)
Agent commission		(34,289)	(36,393)
ATM costs		(23,771)	(17,623)
Freight, cartage and delivery		(11,046)	(11,317)
Insurance		(16,110)	(17,035)
IT costs		(27,758)	(26,246)
Motor vehicle expense		(5,213)	(4,469)
Occupancy expenses		(28,474)	(28,691)
Printing and stationery		(11,961)	(15,185)
Impairment Free Eyre Investment		(787)	-
Other expenses		(25,137)	(26,117)
		(864,165)	**(842,343)**
Operating profit before charitable donations & sponsorship		**554,144**	**469,370**
Charitable donations and sponsorships		(460,442)	(430,771)
Profit before income tax		**93,702**	**38,599**
Income tax expense	4	(26,940)	(11,621)
Profit for the year after income tax		**66,762**	**26,978**
Other comprehensive income		2,568	-
Total comprehensive income for the year		**69,330**	**26,978**
Profit attributable to members of the company		69,330	26,978
Total comprehensive income attributable to members of the company		**69,330**	**26,978**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	19	15.91	6.19

These financial statements should be read in conjunction with the accompanying notes.

Statement of Financial Position
as at 30 June 2019

	Notes	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	5	63,952	78,104
Trade and other receivables	6	144,965	135,306
Financial assets	7	57,894	37,802
Other assets	8	16,545	15,092
Total current assets		**283,356**	**266,304**
Non-current assets			
Property, plant and equipment	9	688,377	704,140
Intangible assets	10	17,577	29,654
Deferred tax assets	4	39,329	39,136
Total non-current assets		**745,283**	**772,930**
Total assets		**1,028,639**	**1,039,234**
Liabilities			
Current liabilities			
Trade and other payables	12	36,034	53,396
Current tax liability	4	17,003	4,589
Borrowings	13	4	54,717
Provisions	14	74,124	57,259
Total current liabilities		**127,165**	**169,961**
Non-current liabilities			
Provisions	14	10,922	17,039
Total non-current liabilities		**10,922**	**17,039**
Total liabilities		**138,087**	**187,000**
Net assets		**890,552**	**852,234**
Equity			
Issued capital	15	435,809	435,809
Retained earnings	16	439,606	416,425
Reserves	18	15,137	-
Total equity		**890,552**	**852,234**

These financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 30 June 2019

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2018 (reported)		435,809	416,425	-	852,234
Change due to the adoption of AASB 9		-	-	12,569	12,569
Balance at 1 July 2018 (restated)		**435,809**	**416,425**	**12,569**	**864,803**
Comprehensive income for the year					
Profit for the year		-	66,762	-	66,762
Other comprehensive income for the year		-	-	2,568	2,568
		-	**66,762**	**2,568**	**69,330**
Transactions with owners in their capacity as owners					
Dividends paid or provided	17	-	(43,581)	-	(43,581)
Balance at 30 June 2019		**435,809**	**439,606**	**15,137**	**890,552**
Balance at 1 July 2017		435,809	433,028	-	868,837
Comprehensive income for the year					
Profit for the year		-	26,978	-	26,978
Transactions with owners in their capacity as owners					
Dividends paid or provided	17	-	(43,581)	-	(43,581)
Balance at 30 June 2018		**435,809**	**416,425**	**-**	**852,234**

These financial statements should be read in conjunction with the accompanying notes.

Statement of Cash Flows
for the year ended 30 June 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		1,540,034	1,413,191
Payments to suppliers and employees		(1,422,267)	(1,303,222)
Dividends received		4,789	4,721
Interest received		2,538	2,942
Interest paid		(1,318)	(4,554)
Income tax paid		(19,023)	(11,623)
Net cash flows provided by operating activities	**20b**	**104,753**	**101,455**
Cash flows from investing activities			
Purchase of property, plant and equipment		(20,611)	(13,534)
Net cash flows used in investing activities		**(20,611)**	**(13,534)**
Cash flows from financing activities			
Repayment of borrowings		(54,713)	(60,326)
Dividends paid		(43,581)	(43,581)
Net cash flows used in financing activities		**(98,294)**	**(103,907)**
Net decrease in cash held		**(14,152)**	**(15,986)**
Cash and cash equivalents at beginning of financial year		78,104	94,090
Cash and cash equ2ivalents at end of financial year	**20a**	**63,952**	**78,104**

These financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

For year ended 30 June 2019

These financial statements and notes represent those of Cummins District Financial Services Limited.

Cummins District Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 23 September 2019.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

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

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

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

Note 1. Summary of significant accounting policies (continued)

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

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

<u>Estimation of useful lives of assets</u>

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

<u>Employee benefits provision</u>

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

<u>Income tax</u>

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

Note 1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Impairment

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

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

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2018. Note that the changes in accounting policies specified below ONLY apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111Construction Contracts and several revenue-related interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balances of retained earnings as at 1 July 2018 and comparatives are not restated.

Based on our assessment, there has not been any effect on the financial report from the adoption of this standard.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139's 'Financial Instruments: Recognition and Measurement' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB9, the entity elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

The classification and measurement of the entity's equity investments in listed entities - the entity holds financial assets to hold and collect the associated cash flows. The majority of investments were previously classified as available-for-sale (AFS) investments under AASB 139. The entity chose to make the irrevocable election to transition to classify these investments as fair value through other comprehensive income (FVTOCI) as permitted by AASB 9.

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out on the proceeding pages.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019)

Note 1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The standard will primarily affect the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of $0. The company does not expect there to be any impact due to the adoption of this standard.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The company does not intend to adopt the standard before its effective date.

(h) Change in accounting policies

<u>Revenue</u>

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

To determine whether to recognise revenue, the company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Given the nature of the agreement with Bendigo and Adelaide Bank Limited, there are no performance obligations, therefore the revenue is recognised at the earlier of:

a) when the entity has a right to receive the income and it can be reliably measured; or

b) upon receipt.

<u>Financial Instruments</u>

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Note 1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Financial Instruments (continued)

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, are classified into the following categories:

a) Financial assets at amortised cost

b) Financial assets at fair value through other comprehensive income (FVTOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The company's trade and most other receivables fall into this category of financial instruments as well as deposits that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

AASB 9's new forward looking impairment model applies to company's investments at amortised cost. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the company uses its historical experience, external indicators and forward-looking information to determine the expected credit losses on a case-by-case basis.

Financial Liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

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

Note 1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Financial Instruments (continued)

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

Reconciliation of financial instruments on adoption of AASB 9

The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at 1 July 2018:

	AASB 139 Classification	AASB 9 Classification	AASB 139 Carrying value ($)	AASB 9 Carrying value ($)
Financial Asset				
Trade and Other receivables	Loans and receivables	Amortised cost	135,306	135,306
Listed shares	Available for sale	FVTOCI	37,802	54,898
Financial Liabilities				
Trade and other payables	Amortised cost	Amortised cost	53,398	53,398
Borrowings	Amortised cost	Amortised cost	54,717	54,717

The effect of classification changes arising from transitioning from AASB 139 to AASB 9 are shown below:

	AFS Reserve ($)	FVTOCI Reserve ($)
Opening balance under AASB 139	-	-
Reclassified from HTM to Equity FVTPL	-	12,568
Opening balance under AASB 9	-	12,568

	2019 $	2018 $
Note 2. Revenue		
Revenue		
- service commissions	1,363,145	1,261,119
	1,363,145	**1,261,119**
Other revenue		
- interest received	2,538	2,942
- dividends received	4,789	4,721
- rental income	9,600	12,905
- other revenue	38,237	30,026
	55,164	**50,594**
Total revenue	**1,418,309**	**1,311,713**

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

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

Interest, dividend and other income

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

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

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

Rendering of services

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

<u>Core Banking Products</u>

Bendigo and Adelaide Bank Limited identify specific products and services as ‘core banking products’, however it also reserves the right to change the products and services identified as ‘core banking products’, providing 30 days notice is given.

<u>Margin</u>

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

Note 2. Revenue (continued)

Commission

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

Fee Income

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

Discretionary Financial Contributions

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

Form and Amount of Financial Return

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

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

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

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

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

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

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

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

	2019 $	2018 $

Note 3. Expenses

Profit before income tax includes the following specific expenses:

	2019 $	2018 $
Employee benefits expense		
- wages and salaries	505,035	477,787
- superannuation costs	49,343	41,988
- other costs	39,925	55,428
	594,303	**575,203**
Depreciation and amortisation		
Depreciation		
- buildings	17,292	17,292
- leasehold improvements	19,082	18,648
	36,374	**35,940**
Amortisation		
- franchise fees	11,297	11,297
- establishment costs	781	782
	12,078	**12,079**
Total depreciation and amortisation	**48,452**	**48,019**
Finance costs		
- Interest paid	1,318	4,554
Bad and doubtful debts expenses	141	1

	2019 $	2018 $
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	6,780	6,440
	6,780	**6,440**

<u>Operating expenses</u>

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

<u>Borrowing costs</u>

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

<u>Depreciation and amortisation</u>

The depreciable amount of all fixed and intangible assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.

Note 3. Expenses (continued)

Depreciation and amortisation (continued)

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

Class of asset	**Rate**	**Method**
Buildings	3%	Straight line
Plant and equipment	8% - 66.67%	Diminishing value
Franchise fees	20%	Straight line
Establishment costs	3%	Straight line

Note 4. Income tax

	2019 $	**2018 $**
a. The components of tax expense comprise:		
Current tax expense	32,874	19,574
Deferred tax expense	(5,934)	(7,953)
	26,940	**11,621**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2018: 27.5%)	25,373	10,225
Add tax effect of:		
- Non-deductible expenses	1,567	1,396
Income tax attributable to the entity	**26,940**	**11,621**
The applicable weighted average effective tax rate is:	28.75%	30.11%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities		
Opening balance	4,589	(3,362)
Income tax paid	(19,023)	(10,207)
Current tax	32,874	19,574
Franking credit offset	(1,437)	-
Under / (over) provision prior years	-	(1,416)
	17,003	**4,589**

	2019 $	2018 $

Note 4. Income tax (continued)

d. Deferred tax asset

	2019 $	2018 $
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Property, plant & equipment	20,656	17,799
Accruals	1,306	1,295
Employee provisions	23,388	20,432
	45,350	**39,526**
Deferred tax liabilities comprise:		
Accrued income	279	390
Financial assets carried at FVTOCI	5,742	-
	6,021	**390**
Net deferred tax asset	**39,329**	**39,136**
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(5,823)	(7,928)
(Decrease) / increase in deferred tax liabilities	5,631	(25)
	(192)	**(7,953)**

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

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

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

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

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

	2019 $	2018 $

Note 5. Cash and cash equivalents

	2019 $	2018 $
Cash at bank and on hand	63,952	78,104
	63,952	**78,104**

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

	2019 $	2018 $

Note 6. Trade and other receivables

Current

Trade receivables	136,528	123,911
Other receivables	1,014	1,419
GST receivable	7,423	9,976
	144,965	**135,306**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established in accordance with the expected credit loss model, or when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Credit risk

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

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

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

	Gross amount $	Not past due $	Past due but not impaired			Past due and impaired $
			< 30 days $	31-60 days $	> 60 days $	
2019						
Trade receivables	136,528	136,528	-	-	-	-
GST receivable	7,423	7,423	-	-	-	-
Other receivables	1,014	1,014	-	-	-	-
Total	**144,965**	**144,965**	**-**	**-**	**-**	**-**
2018						
Trade receivables	123,911	122,156	-	-	1,755	-
GST receivable	1,419	1,419	-	-	-	-
Other receivables	9,976	9,976	-	-	-	-
Total	**135,306**	**133,551**	**-**	**-**	**1,755**	**-**

	2019 $	2018 $

Note 7. Financial assets

Fair value through other comprehensive income

	2019 $	2018 $
Listed investments	57,894	37,802
	57,894	**37,802**

(a) Classification of financial assets

The company classifies its financial assets in the following categories:

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

Classifications are determined by both:

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

(b) Measurement of financial assets

Financial assets at amortised cost

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

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

Financial assets at fair value through other comprehensive income (FVTOCI)

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

(c) Impairment of financial assets

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

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

Note 7. Financial assets (continued)

(c) Impairment of financial assets (continued)

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

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

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

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

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

(d) Derecognition

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

	2019 $	2018 $
Note 8. Other assets		
Prepayments	15,529	15,092
Other	1,016	-
	16,545	**15,092**

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

Note 9. Property, plant and equipment

	2019 $			2018 $		
	At cost	**Accumulated depreciation**	**Written down value**	**At cost**	**Accumulated depreciation**	**Written down value**
Land	52,500	-	52,500	52,500	-	52,500
Buildings	702,353	(147,802)	554,551	702,353	(130,510)	571,843
Plant and equipment	318,619	(237,293)	81,326	298,008	(218,211)	79,797
Total property, plant and equipment	**1,073,472**	**(385,095)**	**688,377**	**1,052,861**	**(348,721)**	**704,140**

Note 9. Property, plant and equipment (continued)

Land and buildings

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

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

Plant and equipment

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

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

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

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

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

(a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2019 (2018: None)

(b) Movements in carrying amounts of PP&E

2019	Opening written down value $	Additions $	Depreciation $	Closing written down value $
Land	52,500	-	-	52,500
Buildings	571,843	-	(17,292)	554,551
Plant and equipment	79,797	20,611	(19,082)	81,326
Total property, plant and equipment	**704,140**	**20,611**	**(36,374)**	**688,377**

Note 9. Property, plant and equipment (continued)

(b) Movements in carrying amounts of PP&E

2018	Opening written down value $	Additions $	Depreciation $	Closing written down value $
Land	52,500	-	-	52,500
Buildings	589,135	-	(17,292)	571,843
Leasehold improvements	84,911	13,534	(18,648)	79,797
Total property, plant and equipment	**726,546**	**13,534**	**(35,940)**	**704,140**

Note 10. Intangible assets

	2019 $			2018 $		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	56,484	(40,010)	16,474	56,484	(28,713)	27,771
Preliminary expenses	15,627	(14,524)	1,103	15,627	(13,744)	1,883
Total intangible assets	**72,111**	**(54,534)**	**17,577**	**72,111**	**(42,457)**	**29,654**

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

Movements in carrying amounts

2019	Opening written down value $	Amortisation $	Closing written down value $
Franchise fees	27,771	(11,297)	16,474
Preliminary expenses	1,883	(781)	1,103
Total intangible assets	**29,654**	**(12,078)**	**17,577**

2018	Opening written down value $	Amortisation $	Closing written down value $
Franchise fees	39,068	(11,297)	27,771
Preliminary expenses	2,665	(782)	1,883
Total intangible assets	**41,733**	**(12,079)**	**29,654**

Note 11. Financial liabilities

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

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

Note 12. Trade and other payables

	2019 $	2018 $
Current		
Unsecured liabilities:		
Trade creditors	18,551	37,183
Other creditors and accruals	17,483	16,215
	36,034	**53,398**

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

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

Note 13. Borrowings

	2019 $	2018 $
Current		
Secured liabilities		
Bank loan	4	54,717
Total borrowings	**4**	**54,717**

Loans

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

Borrowings as classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(a) Bank loans

The company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 5.31%. This loan has been created to fund the purchase of the Branch Managers Residence and is secured over the freehold of the land and buildings of the company.

	2019 $	2018 $

Note 14. Provisions

	2019 $	2018 $
Current		
Employee benefits	74,124	57,259
Non-current		
Employee benefits	10,922	17,039
Total provisions	**85,046**	**74,298**

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Note 15. Share capital

	2019 $	2018 $
435,809 Ordinary shares fully paid	435,809	435,809
	435,809	**435,809**

Ordinary shares are classified as equity.

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

	2019 $	2018 $

Note 15. Share capital (continued)

(a) Movements in share capital

	2019 $	2018 $
Fully paid ordinary shares:		
At the beginning of the reporting period	435,809	435,809
Shares issued during the year	-	-
At the end of the reporting period	**435,809**	**435,809**

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

(b) Capital management

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

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

(i) the Distribution Limit is the greater of:

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

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

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

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

	2019 $	2018 $

Note 16. Retained earnings

	2019 $	2018 $
Balance at the beginning of the reporting period	416,425	433,028
Profit for the year after income tax	66,762	26,978
Dividends paid	(43,581)	(43,581)
Balance at the end of the reporting period	**439,606**	**416,425**

	2019 $	2018 $

Note 17. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

Final fully franked ordinary dividend of 10 cents per share (2018:10) franked at the tax rate of 27.5% (2018: 27.5%).	43,581	43,581

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

	2019 $	2018 $

Note 18. Reserves

Financial asset at FVTOCI reserve		
Balance at the beginning of the reporting period	-	-
Movement due to adoption of AASB 9	12,568	-
Fair value movements during the period	2,569	-
Balance at the end of the reporting period	**15,137**	**-**

The reserves represent undistributable gains recognised on the revaluation of financial assets.

	2019 $	2018 $

Note 19. Earnings per share

Basic earnings per share (cents)	15.91	6.19
Earnings used in calculating basic earnings per share	69,330	26,978
Weighted average number of ordinary shares used in calculating basic earnings per share	435,809	435,809

Basic earnings per share

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

Note 20. Statement of cash flows

	2019 $	2018 $
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	63,952	78,104
As per the Statement of Cash Flow	**63,952**	**78,104**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit for the year after income tax	66,762	26,978
Non-cash flows in profit		
- Depreciation and amortisation	48,452	48,019
- Impairment Free Eyre Investment	787	-
- Deferred tax movement on financial FTOCI assets	(5,742)	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(9,659)	(17,627)
- (increase) / decrease in prepayments and other assets	(1,453)	987
- (Increase) / decrease in deferred tax asset	(192)	(7,953)
- Increase / (decrease) in trade and other payables	(17,364)	24,966
- Increase / (decrease) in current tax liability	12,414	7,951
- Increase / (decrease) in provisions	10,748	18,134
Net cash flows from operating activities	**104,753**	**101,455**

Note 21. Key management personnel and related party disclosures

(a) Key management personnel

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

There are no related party transactions and no remuneration to key management personnel as positions are held on a voluntary basis.

Cummins District Financial Services Limited have not accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package.

Note 21. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

The number of ordinary shares in Cummins District Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2019	2018
Michael Howell	500	500
Peter Glover	5,300	5,300
Wendy Holman (resigned 5 November 2018)	1,001	1,001
Heather Norton	10,500	5,500
George Pedler	1,000	1,000
Jill Wedd	-	-
Whitney Wright (resigned 5 November 2018)	-	-
Elizabeth Holley	1,000	-
Terry Habner	1,000	1,000
Adam Richardson (appointed 17 December 2018)	-	-
Michael Ford (appointed 22 January 2019)	-	-
	20,301	**14,301**

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

(e) Other key management transactions

There has been no other transactions with key management or related parties.

Note 22. Events after the reporting period

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

Note 23. Contingent liabilities and contingent assets

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

Note 24. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Cummins, South Australia. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 96% of the revenue (2018: 96%).

Note 25. Company details

The registered office and principal place of business is 18 Railway Terrace Cummins, SA 5631

Note 26. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board.

Specific financial risk exposure and management

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

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

	Note	2019 $	2018 $
Financial assets			
Cash and cash equivalents	5	63,952	78,104
Trade and other receivables	6	144,965	135,306
Financial assets	7	57,894	37,802
Total financial assets		**266,811**	**251,212**
Financial liabilities			
Trade and other payables	12	36,034	53,396
Borrowings	13	4	54,717
Total financial liabilities		**36,038**	**108,113**

(a) Credit risk

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

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

Credit risk exposures

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

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

Note 26. Financial instrument risk (continued)

(a) Credit risk (continued)

Credit risk exposures (continued)

None of the assets of the company are past due (2018: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis:

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	0.00%	63,952	63,952	-	-
Trade and other receivables		144,965	144,965	-	-
Financial assets		57,894	57,894	-	-
Total anticipated inflows		**266,811**	**266,811**	**-**	**-**
Financial liabilities					
Trade and other payables		36,034	36,034	-	-
Borrowings	5.31%	4	4	-	-
Total expected outflows		**36,038**	**36,038**	**-**	**-**
Net inflow / (outflow) on financial instruments		**230,773**	**230,773**	**-**	**-**

Note 26. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2018	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	0.00%	78,104	78,104	-	-
Trade and other receivables		135,306	135,306	-	-
Financial assets		37,802	37,802	-	-
Total anticipated inflows		**251,212**	**251,212**	**-**	**-**
Financial liabilities					
Trade and other payables		53,396	53,396	-	-
Borrowings	5.31%	54,717	54,717	-	-
Total expected outflows		**108,113**	**108,113**	**-**	**-**
Net inflow / (outflow) on financial instruments		**143,099**	**143,099**	**-**	**-**

(c) Market risk

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

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

Interest rate risk

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

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

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +/- 0.5% in market interest rates from year-end rates.

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

Note 26. Financial instrument risk (continued)

(c) Market risk (continued)

Other price risk

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

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +/- 5% in equity prices from year-end rates.

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

Directors' declaration

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

1. The financial statements and notes, as set out on pages 6 to 39 are in accordance with the *Corporations Act 2001* and:

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

   (ii) give a true and fair view of the company's financial position as at 30 June 2019 and of the performance for the year ended on that date;

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

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

Michael Howell
Director

Signed at Cummins on 23 September 2019.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CUMMINS DISTRICT FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Cummins District Financial Services Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(a) the financial report of Cummins District 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 2019 and of its performance for the year then ended; and

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

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

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

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

Independence

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

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

Director's Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD AUDIT

P. P. Delahunty
Partner
Bendigo
Dated: 24 September 2019

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