Annual Report 2020

Cummins District Financial Services Limited

Community Bank
Cummins District

ABN 25 094 393 692

Contents

Chairman's report

For year ending 30 June 2020

It is my privilege to present the Cummins District Financial Services Limited 20th Annual Report for financial year ending 30 June 2020, this being the fourth time I have had this opportunity. Over the last 12 to 18 months there has been a couple of challenges that have influenced our communities, lifestyle, the way and how we conduct our day to day activities and business. The banking royal commission has regulated the finance and banking industry more and COVID-19 has changed our lifestyle, not only within our communities but Australia and worldwide. COVID-19 has changed the way we do business, socialise, and interact with one another. It has reminded us of the value of family, friends and community. Thank you to Braden and staff for their great job in adapting to the safety standards and to successfully maintaining our local Community Bank operating within the ever-changing environment.

Can you believe that we have had our Community Bank operating within our community for 20 years come 15 December this year? In the early to mid-90's, the Adelaide Advertiser had a photograph of Cummins with no vehicles on the main street with the caption, "Cummins Dying". Our community and township was losing banking services, government services and retail services. A number of community members organised a brainstorming meeting to look at survival and growth of our community and township services. One of the guest speakers told our community members that the foundation of a strong community was having a local doctor, good hospital, strong school and good local bank. From these community meetings, 'Cummins on Track' was formed, which eventually led to the formation of 'Cummins & Districts Enterprise Committee' which led to the publicity phrase 'Cummins the Can-Do Community'.

In the late 90's, Westpac was the last bank in Cummins, made a decision to close their bank doors in Cummins. This caused a lot of anxiety within our districts and business. Two community members were not going to let one of our corner stones of our strong community foundation be removed. Jeff Pearson and Leo Haarsma had other ideas; both had heard of 'Community Banking'. In early 2000, Leo and Jeff met with Rob Hunt, founder of Community Banking in Bendigo. The concept of Community Banking was that the local bank was community owned by local shareholders, run by a Board of local Directors, a franchise with Bendigo Bank, with 50% of the profits returning to our community and shareholders. Our community will be forever grateful to both Leo Haarsma and Jeff Pearson's vision, their passion for our communities. You now look back at what was achieved in the short time a meeting with Rob Hunt in January 2000. A steering committee of 23 local volunteers was established in February, with Leo Haarsma as Chairman and Wendy Holman as Secretary. A feasibility study was conducted in April and due diligence conducted in August with the formation of Cummins District Financial Services Limited (CDFS) Board of 10 Directors. The CDFS prospectus was opened in November and the community raised $435,000 through shares with 269 shareholders. This led to officially opening Cummins District Community Bank Branch of Bendigo Bank on 15 December 2000, by Leo Haarsma first Chairman and Russell Jenkins – Bendigo Bank Head of Community Banking.

In 20 years, our banking needs and experiences have changed. A number of our original shareholders are no longer with us, and other shareholders/customers still have community connections but may live now in other communities within Australia, and still contact Braden and his team for their financial requirements. Community Bank Cummins District is still in the same place, continuing the great service, and still supporting and contributing to our local communities through good and tough times.

Our branch, through our customers' banking, have invested over $4.5 million into community projects in the last 20 years. Our Community Bank has not only been able to service the needs of our customers, they have continued to grow our business in the last financial year by $8.8 million, with over $243 million total business held as at 30 June 2020. In 2019/20 financial year CDFS contributed $276,614 in Community Investment Grants, $25,000 in Scholarships and $23,600 into Sponsorships and Partnerships. Congratulations Braden and team, Chris Miller (Rural Bank), Darren Goodwin, Bernie Redden and Tiffany Franklin (Bendigo Business Banking), and thank you all for a great result.

Thank you once again to my fellow Directors for volunteering your time to serve as a Director, in an increasing challenging role to the operation of Cummins District Financial Services Limited. Terry Habner has decided not to seek re-election, thank you for your expertise and valued input over the past three years. Thank you to our Company Secretary Ingrid Kennerly for her role and support to our Board, along with our Business Promotions officer Amanda Puckridge, who keeps our Community Bank at the forefront of our communities.

I do believe that our communities are fortunate to have some of the best people servicing and looking after your financial and banking requirements on Eyre Peninsula. Community Bank Cummins District team, Braden, Jo, Josie, Leah, Caro, Vikki, Zan, Amy and Charlie, along with Chris (Rural Bank) and Bernie (Bendigo Business Banking) all live and work locally, to professionally look after your financial requirements. Please give them the opportunity to help you, to ensure your financial future and be part of your community growth.

Mick Howell
Chairman

Manager's report

For year ending 30 June 2020

In what was a challenging end to the financial year with the impact of COVID-19, I am pleased to report Community Bank Cummins District experienced strong growth for the 2019/20 financial year.

The branch's total business held increased by $8.878 million, taking the total business held as at 30 June 2020 to $243.098 million. This growth was achieved despite the sale of Bendigo Financial Planning in August 2019, which impacted our branch with a loss of $10.438 million from our total business footings.

The below table provides a breakdown of the branch's performance as at 30 June 2020, displaying actual balances per product compared to the prior year.

Product	2020 $ million	2019 $ million
BBL Deposits	68.655	62.911
BBL Loans	52.472	47.473
Rural Bank Deposits	27.798	25.530
Rural Bank Loans	92.838	85.967
Financial Planning	Nil	10.438
Superannuation	0.771	0.702
Leveraged Equities	-0.967	0.036
Community Sector Banking Deposits	0.492	0.289
Bendigo Managed Funds	0.071	0.070
Financial Markets Deposits	Nil	0.802
Total	**243.098**	**234.219**

Pleasingly, we saw growth across a wide range of our product offering including Bendigo Bank Deposits, Bendigo Bank Loans, Rural Bank Deposits and Rural Bank Loans. We are extremely proud of this result, which demonstrates the commitment from our entire banking team including Chris Miller (Rural Bank) and our EP Business Banking team consisting of Darren Goodwin, Tiffany Franklin, and Bernadette Redden.

Our branch staffing has experienced some change this year, with Holly Pervan resigning to join Community Bank Port Lincoln, and we thank Holly for her seven year contribution after commencing as a School-Based Trainee in 2013. Holly's resignation prompted the employment of Leah Trenberth, with Leah commencing at the end of March amongst the uncertainty of COVID-19. Leah quickly built rapport with our staff and customers, and her banking experience and knowledge is a great asset to our team. We have continued to offer our School-Based Traineeship program, and this year welcomed Charlie Shepperd, who provides a fresh-face and enthusiasm to our team every Friday. The staff who are currently serving Community Bank Cummins District are Joannah Baptiste (Customer Relationship Manager), Josie Turnbull (Customer Relationship Manager), Leah Trenberth (Customer Relationship Officer), Caro Meyers (Senior Customer Service Officer), Vikki Phillips (Customer Service Officer), Zan Cafuta (Customer Service Officer), Amy Fuss (Customer Service Officer), Charlie Shepperd (School-Based Trainee) and Amanda Puckridge (Business Promotions Officer). Thank you to each of you for your dedication and care to our customers and our business.

Like a number of industries, the banking industry is facing some uncertainty in the near future due to the impact of COVID-19. With the unfortunate reality of unemployment and under-employment, there has been a concerted effort by Bendigo and Adelaide Bank Limited to ensure our customers are receiving regular communication and guidance where impacted. With government and financial assistance for those affected by COVID-19 still in place, we are yet to see what the 'new-normal' looks like going forward.

Whilst we have had our 20th birthday plans somewhat disrupted this year, we look forward to celebrating our 21st with our customers and communities next year. The total level of community investment for Community Bank Cummins District is now over $4.5 million, and we remain focussed on providing excellent customer service, and growing our business to continue this significant level of investment into Cummins and surrounding districts.

Braden Gale
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

Mark Cunneen

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors past and present

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).

2019/20
Michael Howell (Chairman), Peter Glover, Jill Wedd, Mike Ford, Adam Richardson, Elizabeth Holley, Terry Habner, George Pedler, Heather Norton, Ingrid Kennerley (Company Secretary).

A = Appointed
R = Resigned

Community contributions 2019/20

Partnership		
Wudinna Area School	Digital Technologies - Robot purchase	$250
Step It Up Wudinna	Tear Drop Banners	$250
Cummins Kapinnie Netball Club (Cummins Summer Netball)	Bibs, Balls & Whistles	$323.40
Cummins Area School	Science & Engineering Challenge - State Final	$3,000
Yallunda Flat Show	Annual Partnership - Flat Track Show Bags and Cash	$600
Cummins Entertainment Crew - Cummins Show	Cummins Show	$1,000
Cummins & District War Memorial Swimming Pool	Costs for a Pool Operators Course	$1,000
Southern Eyre Team Penners	Ribbons & Trophies	$500
Cummins Area School	Science & Engineering Challenge - National Final	$4,800
Cummins Cricket Club	New ipad/normal season running costs	$1,000
Great Flinders Junior Tennis Association	Prizes, Advertising and Running Costs of Tennis Tournament	$1,000
Cummins Tennis Club	Annual Partnership for Running Costs/Electricity	$750
Great Flinders Cricket Association	New shirts for Association Games - seniors	$900
Cummins Emergency Ready Committee	Upkeep for the Generator for one year - Fuel etc	$1,000
Great Flinders Southern Eyre Junior Cricket Assoc	Annual Partnership x 2 years for Trophies etc	$500
Cummins Golf Club	Annual Partnership	$1,500
Coffin Bay Emergency Ready Group	New battery for defib	$323.15
United Yeelanna Netball Club	Partnership for 2020 season	$700
Great Flinders Netball Association	Running costs for 2020 season & Adelaide Carnival	$1,000
Lock Football Club	Partnership for 2020 season	$1,000
Lock Netball Club	Partnership for 2020 season	$700
Ramblers Football Club	Partnership for 2020 season	$1,000
Southern Eyre Team Penners	Annual Partnership for 2020 season	$500
Grant		
Cummins & District Enterprise Committee	Cummins Caravan Park - New Lawmower	$3,000
Cummins & District Enterprise Committee	Start up of the Community Garden	$28,500
Cummins & District Enterprise Committee	Upgrades and new shelters & benches for Cemetery	$21,917
Cummins & District Enterprise Committee	Purchase of a Shed for Wonderland Storage	$20,000
District Council of Lower Eyre Peninsula	Cummins Homes upgrades	$12,500
Cummins & District Memorial Hospital Auxillary	Nurses Station Upgrade	$25,000
Yallunda Flat A&H Show Society	Power for the Show Sites at Yallunda Flat	$20,000
Combined Cummins Churches	Fireworks for the 2019 Outdoor Christmas Carols	$6,300
West Coast Youth & Community Support	Mentally Fit EP Program	$25,000
Cummins Area School	Home Economics Upgrade	$100,000
Coffin Bay Progress Association	Upgrades to the Coffin Bay Commuity Hall	$11,812
Cummins & District Enterprise Committee	Cummins Tourism Committee - Public Wifi installation	$2,585

Directors' report

For the financial year ended 30 June 2020

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

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
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).
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.
Michael Ford	Director since January 2019. Deputy Principal & High School (secondary) Teacher. Teaching Degree & 37 years of teaching in schools.
Adam Richardson	Director since December 2018. Electrician - owner & manager of own business, Linesman, Trade Skilled Worker with ETSA now SA Power Networks & Supermarket retail owner.
Jill Wedd	Director since June 2014 and part of the business promotion committee. Owner/ Manager of John Deere Machinery dealership for 30 years and Senior Administrator 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.
Heather Norton	Director since November 2010 and part of the Business Promotions Committee. Business Manager/Owner/Secretary of Nortons Transport.
Micheal 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.
Terry Habner	Farmer, Past Chairman of Cummins Catholic Church.

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit Committee meetings	
	A	B	A	B
Peter Glover	12	10	3	2
George Pedler	12	9	N/A	N/A
Michael Ford	12	11	N/A	N/A
Adam Richardson	12	10	N/A	N/A
Jill Wedd	12	9	N/A	N/A
Elizabeth Holley	12	9	3	2
Heather Norton	12	11	N/A	N/A
Micheal Howell	12	10	3	3
Terry Habner	12	10	N/A	N/A

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. She has held roles as 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 $42,397 (2019 profit: $69,330), which is a 38.8% decrease as compared with the previous year.

New Accounting Standards Implemented

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

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

COVID-19 Impact on Operations

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary interventions to stabilise economic conditions. The company's financial position remains steady although it has been impacted by reduced foot traffic into its branches, but it has been able to maintain its opening hours and staff numbers.

The Company has determined that these events have not required any specific adjustments within the financial report. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as any impact on the financial position and results of the Company for future periods.

Dividends

A fully franked final dividend of 10 cents per share was declared and paid during the year for the year ended 30 June 2019. No dividend has been declared or paid for the year ended 30 June 2020 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 13 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 28 September 2020.

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

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

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

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

RSD Audit

Phil Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 30 September 2020

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

Financial statements

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

	Notes	2020 $	2019 $
Revenue	2	1,429,925	1,418,309
Expenses			
Employee benefits expense	3	(609,502)	(594,303)
Depreciation and amortisation	3	(46,361)	(48,452)
Finance costs	3	(3)	(1,318)
Bad and doubtful debts expense	3	(141)	(141)
Accounting, auditing and compliance expenses		(21,085)	(19,445)
Advertising and promotion		(20,019)	(15,960)
Agent commission		(41,303)	(34,289)
ATM costs		(13,112)	(23,771)
Freight, cartage and delivery		(9,935)	(11,046)
Insurance		(17,350)	(16,110)
IT costs		(30,927)	(27,758)
Motor vehicle expenses		(5,590)	(5,213)
Occupancy expenses		(27,689)	(28,474)
Printing and stationery		(14,960)	(11,961)
Impairment Free Eyre Investment		(575)	(787)
Other expenses		(25,570)	(25,137)
		(884,122)	**(864,165)**
Operating profit before charitable donations and sponsorship		**545,803**	**554,144**
Charitable donations and sponsorship		(489,205)	(460,442)
Profit before income tax		**56,598**	**93,702**
Income tax (expense)/benefit	4	936	(26,940)
Profit for the year after income tax		**57,534**	**66,762**
Other comprehensive income - Revaluation of Financial Assets	7	(15,137)	2,568
Total comprehensive income for the year		**42,397**	**69,330**
Profit attributable to members of the company		42,397	69,330
Total comprehensive income attributable to members of the company		**42,397**	**69,330**
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	9.73	15.91

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	83,616	63,952
Trade and other receivables	6	143,109	144,965
Financial assets	7	35,433	57,894
Current tax asset	4	16,214	-
Other assets	8	27,381	16,545
Total current assets		**305,753**	**283,356**
Non-current assets			
Property, plant and equipment	9	663,359	688,377
Intangible assets	10	5,499	17,577
Deferred tax assets	4	56,182	39,329
Total non-current assets		**725,040**	**745,283**
Total assets		**1,030,793**	**1,028,639**
Liabilities			
Current liabilities			
Trade and other payables	12	46,316	36,034
Current tax liability	4	-	17,003
Borrowings	13	128	4
Provisions	14	92,514	74,124
Total current liabilities		**138,958**	**127,165**
Non-current liabilities			
Provisions	14	3,197	10,922
Total non-current liabilities		**3,197**	**10,922**
Total liabilities		**142,155**	**138,087**
Net assets		**888,638**	**890,552**
Equity			
Issued capital	15	435,809	435,809
Retained earnings	16	453,559	439,606
Reserves	18	(730)	15,137
Total equity		**888,638**	**890,552**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2019		435,809	439,606	15,137	890,552
Comprehensive income for the year					
Profit for the year		-	57,534	-	57,534
Other comprehensive income for the year	7	-	-	(15,867)	(15,867)
		-	**57,534**	**(15,867)**	**41,667**
Transactions with owners in their capacity as owners					
Dividends paid or provided	17	-	(43,581)	-	(43,581)
Balance at 30 June 2020		**435,809**	**453,559**	**(730)**	**888,638**
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	7	-	-	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**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,425,928	1,540,034
Payments to suppliers and employees		(1,316,856)	(1,422,267)
Dividends received		4,515	4,789
Interest paid		-	(1,318)
Interest received		1,338	2,538
Income tax paid		(49,134)	(19,023)
Net cash flows provided by operating activities	**20b**	**65,791**	**104,753**
Cash flows from investing activities			
Proceeds from sale of investments		6,594	-
Purchase of property, plant and equipment		(9,264)	(20,611)
Net cash flows used in investing activities		**(2,670)**	**(20,611)**
Cash flows from financing activities			
Proceeds from borrowings		124	-
Repayment of borrowings		-	(54,713)
Dividends paid		(43,581)	(43,581)
Net cash flows used in financing activities		**(43,457)**	**(98,294)**
Net increase/(decrease) in cash held		**19,664**	**(14,152)**
Cash and cash equivalents at beginning of financial year		63,952	78,104
Cash and cash equivalents at end of financial year	**20a**	**83,616**	**63,952**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2020

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

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

The financial statements were authorised for issue by the Directors on 28 September 2020.

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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Economic dependency

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

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

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>Fair value assessment of non-current physical assets</u>

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

<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.

<u>Impairment</u>

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.

Note 1. Summary of significant accounting policies (continued)

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

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

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

AASB 16 Leases

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

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

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

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

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

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

(g) Change in accounting policies

Accounting policy applicable from 1 July 2019

The Company as a lessee

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

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

Note 1. Summary of significant accounting policies (continued)

(g) Change in accounting policies (continued)

Accounting policy applicable from 1 July 2019 (continued)

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

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

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

Accounting policy applicable before 1 July 2019

The Company as a lessee

- Finance leases

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

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

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

- Operating leases

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

Note 1. Summary of significant accounting policies (continued)

(g) Change in accounting policies (continued)

Impact of standards issued but not yet applied by the entity

AASB 17 Insurance Contracts

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

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

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

AASB 1059 Service Concession Arrangements: Grantors

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

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

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

Note 2. Revenue

	2020 $	2019 $
Revenue		
- service commissions	1,365,407	1,363,145
	1,365,407	**1,363,145**
Other revenue		
- interest received	1,338	2,538
- dividends received	4,515	4,789
- rental income	10,400	9,600
- other revenue	48,265	38,237
	64,518	**55,164**
Total revenue	**1,429,925**	**1,418,309**

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).

Note 2. Revenue (continued)

Rendering of services

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

Core Banking Products

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

Margin

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

Commission

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

Fee Income

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

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;

Note 2. Revenue (continued)

Form and Amount of Financial Return (continued)

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.

Note 3. Expenses

	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	519,173	505,035
- superannuation costs	50,898	49,343
- other costs	39,431	39,925
	609,502	**594,303**
Depreciation and amortisation		
Depreciation		
- buildings	(19,219)	(17,292)
- leasehold improvements	(15,064)	(19,082)
	(34,283)	**(36,374)**
Amortisation		
- franchise fees	11,296	11,297
- establishment costs	782	781
	12,078	**12,078**
Total depreciation and amortisation	**(22,205)**	**(24,296)**
Finance costs		
- Interest paid	3	1,318
Bad and doubtful debts expenses	141	141
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	6,850	6,780
	6,850	**6,780**

Operating expenses

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

Borrowing costs

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

Note 3. Expenses (continued)

Depreciation

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

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

Class of asset	Rate	Method
Buildings	2.5%	Straight line
Plant and equipment	8% - 66.67%	Diminishing value
Franchise fees	20%	Straight line
Establishment cost	3%	Straight line

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

Gains/losses upon disposal of non-current assets

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

Note 4. Income tax

	2020 $	2019 $
a. The components of tax expense comprise:		
Current tax expense	9,898	32,874
Deferred tax expense	(12,014)	(5,934)
Deferred tax recognised in OCI	6,019	-
Under / (over) provision of prior years	(4,839)	-
	(936)	**26,940**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2019: 27.5%)	15,564	25,373
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses		
- Under / (over) provision of prior years	(4,839)	-
- Non-deductible expenses	1,091	1,567
- Non-deductible franchise fee amortisation	215	-
- Impairment loss - Free Eyre	158	-
- ATO Cash Flow Boost	(13,125)	-
Income tax attributable to the entity	**(936)**	**26,940**
The applicable weighted average effective tax rate is:	1.65%	-28.75%

Note 4. Income tax (continued)

	2020 $	2019 $
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	17,003	4,589
Income tax paid	-	(19,023)
Current tax	9,898	32,874
Franking credit offset	(1,354)	(1,437)
income Tax receipts/(payments) - before year end	(41,761)	-
	(16,214)	**17,003**
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Property, plant & equipment	28,351	20,656
Accruals	1,334	1,306
Employee provisions	26,321	23,388
Financial assets carried at FVTOCI	277	-
	56,283	**45,350**
Deferred tax liabilities comprise:		
Accrued income	101	279
Property, plant & equipment	-	5,742
	101	**6,021**
Net deferred tax asset	**56,182**	**39,329**
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(1,255)	(5,823)
(Decrease) / increase in deferred tax liabilities	(5,920)	5,631
Under / (over) provision prior years	(4,839)	-

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

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

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

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

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects nether accounting profit nor taxable profit (tax loss).

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

Note 4. Income tax (continued)

e. Deferred income tax included in income tax expense comprises: (continued)

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

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

Note 5. Cash and cash equivalents

	2020 $	2019 $
Cash at bank and on hand	83,616	63,952
	83,616	**63,952**

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

Note 6. Trade and other receivables

	2020 $	2019 $
Current		
Trade receivables	131,786	136,528
Other receivables	367	1,014
GST receivable	10,956	7,423
	143,109	**144,965**

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

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

Credit risk

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

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

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

Note 6. Trade and other receivables (continued)

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

	Gross amount $	Not past due $	Past due but not impaired			Past due and impaired $
			< 30 days $	31-60 days $	> 60 days $	
2020						
Trade receivables	131,786	131,786	-	-	-	-
Other receivables	367	367	-	-	-	
GST receivables	10,956	10,956				
Total	**132,153**	**132,153**	**-**	**-**	**-**	**-**
2019						
Trade receivables	136,528	136,528	-	-	-	-
Other receivables	1,014	1,014	-	-	-	
GST receivables	7,423	7,423				
Total	**137,542**	**137,542**	**-**	**-**	**-**	**-**

Note 7. Financial assets

	2020 $	2019 $
Fair value through other comprehensive income		
Listed investments	35,433	57,894
	35,433	**57,894**

(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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

Note 7. Financial assets (continued)

(b) Measurement of financial assets (continued)

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.

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.

Note 8. Other assets

	2020 $	2019 $
Prepayments	12,492	15,529
Other	14,889	1,016
	27,381	**16,545**

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

	2020 $			2019 $		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Land - at cost	52,500	-	52,500	52,500	-	52,500
Buildings - at cost	705,437	(165,145)	540,292	702,353	(147,802)	554,551
Plant and equipment - at cost	324,800	(254,233)	70,567	318,619	(237,293)	81,326
Total property, plant and equipment	**1,082,737**	**(419,378)**	**663,359**	**1,073,472**	**(385,095)**	**688,377**

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

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

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

Leased assets

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

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

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

(a) Capital expenditure commitments

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

Note 9. Property, plant and equipment (continued)

2020	Land $	Buildings $	Plant & Equipment $	Total $
Opening carrying value	52,500	702,353	318,619	1,073,472
Adjustment for adoption of AASB 16	-	-	-	-
Additions	-	3,084	6,180	9,264
Depreciation	-	(19,219)	(15,064)	(34,283)
Closing carrying value	**52,500**	**686,218**	**309,735**	**1,048,453**
2019	Land $	Buildings $	Leasehold Improvements $	Total $
Opening carrying value	52,500	571,843	79,797	704,140
Additions	-	-	20,611	20,611
Depreciation	-	(17,292)	(19,082)	(36,374)
Closing carrying value	**52,500**	**554,551**	**81,326**	**688,377**

Note 10. Intangible assets

	2020 $			2019 $		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	56,484	(51,306)	5,178	56,484	(40,010)	16,474
Preliminary expenses	15,627	(15,306)	321	15,627	(14,524)	1,103
Total intangible assets	**72,111**	**(66,612)**	**5,499**	**72,111**	**(54,534)**	**17,577**

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

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

Movements in carrying amounts

2020	Opening written down value $	Amortisation $	Closing written down value $
Franchise fees	(40,007)	(11,296)	(51,303)
Establishment costs	1,103	(782)	321
Total intangible assets	**(38,904)**	**(12,078)**	**(50,982)**

Note 10. Intangible assets (continued)

Movements in carrying amounts (continued)

2019	Opening written down value $	Amortisation $	Closing written down value $
Franchise fees	27,771	(11,297)	16,474
Establishment costs	1,883	(781)	1,102
Total intangible assets	**29,654**	**(12,078)**	**17,576**

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. Where available, quoted prices in an active market are used to determine fair value. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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

Note 12. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade creditors	27,441	18,554
Other creditors and accruals	18,874	17,483
	46,315	**36,037**

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

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

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

Note 13. Borrowings

	2020 $	2019 $
Current		
Secured liabilities		
Bank loan	128	4
Total borrowings	**128**	**4**

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 4.660%. 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.

Note 14. Provisions

	2020 $	2019 $
Current		
Employee benefits	92,514	74,124
Non-current		
Employee benefits	3,197	10,922
Total provisions	**95,711**	**85,046**

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Note 15. Share capital

	2020 $	2019 $
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.

(a) Movements in share capital

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.

Note 16. Retained earnings

	2020 $	2019 $
Balance at the beginning of the reporting period	439,606	416,425
Profit for the year after income tax	57,534	66,762
Dividends paid	(43,581)	(43,581)
Balance at the end of the reporting period	**453,559**	**439,606**

Note 17. Dividends paid or provided for on ordinary shares

	2020 $	2019 $
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 10 cents per share (2019:10) franked at the tax rate of 27.5% (2019: 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.

Note 18. Reserves

	2020 $	2019 $
Financial Asset at FVTOCI reserve		
Balance at the beginning of the reporting period	15,137	-
Movement due to the adoption of AASB 9	-	12,568
Fair value movements during the period	(15,867)	2,569
Balance at the end of the reporting period	**(730)**	**15,137**

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

Note 19. Earnings per share

	2020 $	2019 $
Basic earnings per share (cents)	9.73	15.91
Earnings used in calculating basic earnings per share	42,397	69,330
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

	2020 $	2019 $
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	83,616	63,952
As per the Statement of Cash Flow	**83,616**	**63,952**

Note 20. Statement of cash flows (continued)

	2020 $	2019 $
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit for the year after income tax	57,534	66,762
Non-cash flows in profit		
- Depreciation and amortisation	46,361	48,452
- Impairment Free Eyre Investment	-	787
- Deferred tax movement on financial FTOCI	-	(5,742)
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	1,856	(9,659)
- (increase) / decrease in prepayments and other assets	(10,836)	(1,453)
- (Increase) / decrease in deferred tax asset	(16,491)	(192)
- Increase / (decrease) in trade and other payables	10,281	(17,364)
- Increase / (decrease) in current tax liability	(33,579)	12,414
- Increase / (decrease) in provisions	10,665	10,748
Net cash flows from operating activities	**65,791**	**104,753**

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

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

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

Name of related party	Description of goods / services provided	Value
Cummins IGA - Related Party of Adam Richardson	Purchase of staff amenities and COVID care packs	$4,272
Norton Transport - Related Party of Heather Norton	Goal post freight for CKFC	$110

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

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:

	2020	2019
Micheal Howell	500	500
Peter Glover	5,300	5,300
Heather Norton	12,500	10,500
George Pedler	1,000	1,000
Jill Wedd	-	-
Elizabeth Holley	1,000	1,000
Terry Habner	1,000	1,000
Adam Richardson	-	-
Micheal Ford	-	-
	21,300	**19,300**

This table shows the movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

Note 22. Community Enterprise Foundation™

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

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

	2020 $	2019 $
Opening Balance	1,294,755	1,027,268
Contributions	428,421	428,421
Grants Paid	(302,964)	(131,590)
Interest	13,598	18,485
GST	(25,098)	(28,358)
Management fees	(19,472)	(19,472)
Balance available for distribution in future periods	**1,389,240**	**1,294,755**

Note 23. Events after the reporting period

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Cummins, South Australia. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 96% of the revenue (2019: 96%).

Note 26. Company details

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

Note 27. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

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

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

		2020 $	2019 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	83,616	63,952
- Trade and other receivables	6	143,109	144,965
		226,725	**208,917**
Investments designated as fair value through other comprehensive income:			
- Listed investments	7	35,433	57,894
- Unlisted investments	7	-	-
		35,433	**57,894**
Total financial assets		**262,158**	**266,811**
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	12	46,316	36,034
- Borrowings	13	128	4
Total financial liabilities		**46,444**	**36,038**

Note 27. Financial instrument risk (continued)

(a) Credit risk

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

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

Credit risk exposures

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

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

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

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

(b) Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis:

30 June 2020	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	0.00%	83,616	83,616	-	-
- Trade and other receivables		143,109	143,109	-	-
- Financial assets		35,433	57,894	-	-
Total anticipated inflows		**262,158**	**284,619**	**-**	**-**
Financial liabilities					
- Trade and other payables		46,316	46,316	-	-
- Borrowings	4.66%	124	124	-	-
Total expected outflows		**46,440**	**46,440**	**-**	**-**
Net inflow / (outflow) on financial instruments		**215,718**	**238,179**	**-**	**-**

Note 27. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	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**	**-**	**-**

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

(c) Market risk

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

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

Interest rate risk

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

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

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

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

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

Other price risk

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

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 14 to 40 are in accordance with the *Corporations Act 2001* and:

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

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

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

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

Michael Howell
Director

Signed at Cummins on 28 September 2020.

Independent audit report

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

In our opinion the accompanying financial report of 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 2020 and of its performance for the year then ended; and

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

Basis for Opinion

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

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

Independence

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

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

Director's Responsibility for the Financial Report

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

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

Richmond Sinnott & Delahunty, trading as RSD Audit
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Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Other Information

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

RSD Audit
Chartered Accountants

Phil Delahunty
Partner
Bendigo
Dated: 30 September 2020

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