

annual report 2020

Chair's report

Dear Shareholders,

The last financial year was one we were never expecting.

Covid 19 has certainly had an impact on everybody's lives and the way businesses have had to operate.

Freycinet Coast was no exception and the staff have dealt with it in a professional manner and I thank them for their commitment during sometimes trying circumstances.

As for financial performance we report a profit of \$60,459 compared to \$44,000 in 2019.

This result includes \$33,790 from Cash Flow Boost stimulus payments from the Federal Government.

We have seen continued growth (8.9%) in our lending and deposits and at the end of the financial year had \$92.8 million in our book. We are now operating in a low interest market for both borrowers and depositors and this is a pleasing trend as growth in our book will underwrite increases in future revenue.

We terminated our agency arrangements at Triabunna at the end of March but continue to operate a Business Office there 2 days per week. The Board has endorsed a growth plan for Triabunna and we look forward to being able to increase our business in the area over the next 12 months.

More recently we have entered a resource sharing arrangement with Break O'Day Community Financial Services Limited which operate the **Community Bank**[®] at St Helens. This arrangement will benefit both organisations from a human resource and cost sharing perspective. It also provides a greater skill set to both. Bendigo have supported this approach.

Suzanne Turner our Branch Manager has worked diligently and tirelessly over the last year to drive the business and develop staff. It can sometimes be a frustrating role dealing with all the issues that can turn up but she has worked hard to deal with them. On behalf of the Board I thank her and the branch staff for their hard work and dedication.

Jordan Lovell our Bendigo Regional Manager has provided excellent support to Suzanne in her role. He also attends the regular Board meetings and I thank him for his input and guidance on policy and operational matters.

The Board has worked well during the year and have dealt with a number of one off matters which required additional review. I would like to thank Annette Hughes for her input and expertise on these.

Since last reporting two new Directors have been appointed Bernard Raspin from Triabunna and Josie Dunbabin from Cranbrook.

Adele Plunkett and Greg Raspin resigned from the Board during the financial year and on behalf of the Board I thank them for their contribution and service.

The role of a Director is a voluntary one and I wish to thank the Board for their input and guidance on operational and governance matters.

As a **Community Bank**[®] we provide support to local organisations through grants and sponsorships.

During the year we made grants and sponsorships totalling \$26,132. This demonstrates to the communities we operate in the benefits of supporting the local **Community Bank**[®].

I hope that by the time this report is written next year that we are operating in a more relaxed and open Australia.



John Fletcher
CHAIRMAN

Branch Manager's report

The 2019-20 financial year will go on record as one of the most unique of our lifetimes. No one would have predicted the circumstances we now find ourselves in, and some of the changes to our lifestyle we have come to accept. Fortunately, at the time of writing, we as Tasmanians appear to be experiencing some of the best conditions the world over. There are certainly worse places to be contained than Tasmania.

For the Swansea/Bicheno **Community Bank**[®], we have grown our business over the past 12 months despite these conditions. Our funds under management have grown by over \$8 Million (9% growth) through the year, with a strong mix of lending and deposits. Whilst we have been resilient to local impacts from COVID, broader economic impacts have had some impact on our revenues which we will work hard to restore in the 2020/21 financial year.

Independent of COVID, the banking and finance industry is changing rapidly. We have tried to maintain our adaptability locally and respond to those changes to ensure we are in place to best support our customers and local community. We have moved to a new, exciting structure to better support our customers and community by adding to our team, and specialising roles. I am very excited to be adding the St Helens/St Marys **Community Bank**[®] team to my management focus. Working collaboratively along the coast from Triabunna to St Helens allows us to increase our ability to extend our success in our region by sharing our staff resources, offering more exciting career paths to our staff and affording me the focus to ensure our team are the best in their field. This is a very cost-effective way for us to grow our business. This will enable us to extend our ability to take care of our customer financial needs.

Our lending team has grown. We have recently promoted Kristen Darke to a Customer Relationship Manager role. Kristen's focus will be on supporting new and existing customers to purchase their new home, investment property or to review their existing loans. We have also promoted Katelyn Read to a Customer Relationship Officer role. Katelyn will be specialising in helping our customers with their personal loan and credit card needs. Both Kristen and Katelyn will be providing this service from Triabunna to Bicheno. They will be joined by Lisa Dean-Hyam, who has been appointed

to a Customer Relationship Manager role. Lisa is a shared resource between Bicheno and St Helens. Lisa comes to us after an excellent career with Commonwealth Bank and brings a wealth of home lending experience to the role.

Of course, our team would not be complete, nor as successful without our Customer Service Officers Susan, Rachael and Tiarni. They work hard every day to support myself, their fellow team members, and our community.

As a **Community Bank**[®] we feel it is important to be able to offer career paths to our locals. We have recently added a new addition to our team of Customer Service Officers. Jessie Smith will be working at both Bicheno and Swansea branches. We welcome her to our team and look forward to seeing her experience grow. Jessie's appointment takes our total team to 7, when you include the St Helens team of 4, the Community Banks employ a total of 11 local people.

I would like to take this opportunity to extend my thanks to the entire team and the Board of Directors for their support of me, for their willingness to embrace change and for their focus on delivering an excellent Bank to the East Coast Community.

Last, but certainly not least, I thank our customers for their support in 2019/20. Our community sponsorships and grants have now exceeded \$295,235 since we began. This investment in our community is only possible through you trusting us with your banking.

I look forward to another successful financial year for the Swansea/Bicheno branches and all the exciting opportunities we will have to support our customers and community going forward.



Suzanne Turner
SENIOR BRANCH MANAGER
Swansea Bicheno **Community Bank**[®] Branch

Bendigo and Adelaide Bank Ltd report

For year ended 30 June 2020

Dear Shareholders,

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 Community Enterprise 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.

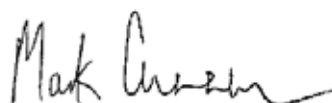
What we've discovered in 2020 is that in times of crisis, Australia's **Community Bank**[®] network has unofficially become Australia's 'second responder'. Local organisations and clubs look to their local **Community Bank**[®] companies not only for financial assistance, but to take the lead in connecting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

Directors' report

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

Directors

The directors present their report on Freycinet Coast Financial Services Ltd for the financial year ended 30 June 2020.

John Fletcher Chairperson and Treasurer
Qualifications Bachelor of Business (Accounting)
Experience Retired finance executive
Interest in Shares Nil

Richard Benwell
Qualifications Nil
Experience Retired Brewery Director
Interest in Shares Nil
Special Responsibilities Marketing Committee

Bruce Dunbabin
Qualifications Nil
Experience Primary producer
Interest in Shares 7,000 ordinary shares

Neil Edwards
Qualifications Nil
Experience Quarry owner and operator
Interest in Shares Nil
Special Responsibilities Developing strategies for business growth in the Triabunna/Orford region

Annette Hughes
Qualifications Bachelor of Arts (Hons), JD-Juris Doctor
Experience Commercial lawyer with 29 years experience
Interest in Shares Nil
Special Responsibilities Marketing Committee

Elizabeth Hutchinson
Qualifications Nil
Experience Previous company secretary
Interest in Shares Nil

Nick Johnston
Qualifications Commercial Part 3 Divers Certificate
Experience Tourism operator
Interest in Shares Nil

Chris Manson
Qualifications Bachelor of Law (LLB), Bachelor of Science
Experience Business owner and operator
Interest in Shares Nil
Special Responsibilities Marketing Committee

Josie Dunbabin (appointed 25 May 2020)
Qualifications Bachelor of Education (Primary)
Experience Teaching and Agriculture
Interest in Shares Nil
Special Responsibilities Marketing Committee

Adele Plunkett (resigned 28 January 2020)
Qualifications Diploma Real Estate Business
Experience Real Estate Agent
Interest in Shares 3,000 ordinary shares
Special Responsibilities Marketing Committee

Greg Raspin (resigned 24 February 2020)
Qualifications Nil
Experience Retired retail owner and operator
Interest in Shares 7000 ordinary shares

Bernard Raspin (appointed 25 May 2020)
Qualifications Diesel Fitter
Experience Logging and Forestry Industry
Interest in Shares Nil

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

Director's report continued...

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

Directors' meetings

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

Director	A	B	C
John Fletcher	11	11	-
Richard Benwell	11	6	2
Bruce Dunbabin	11	10	-
Neil Edwards	11	3	3
Annette Hughes	11	8	3
Elizabeth Hutchinson	11	11	-
Nick Johnston	11	8	1
Chris Manson	11	11	-
Josie Dunbabin	2	2	-
Adele Plunkett	5	3	1
Greg Raspin	6	-	6
Bernard Raspin	2	1	-

A - The number of meetings eligible to attend

B - The number of meetings attended

C - Leave of absence granted

Company Secretary

Georgie De Candia was appointed company secretary in April 2020.

Principal activities

The principal activity of Freycinet Coast Financial Services Ltd during the financial year was providing **Community Bank®** branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

The profit of the Company after providing for income tax amounted to \$ 60,459 (2019: \$ 44,001).

Dividends paid or recommended

Dividends paid or declared during or since the end of the financial year are as follows:

- An unfranked dividend of 2 cents per share was paid during the year as recommended in last year's report.
- No dividend has been declared or paid for the year ended 30 June 2020 at the date of this report.

Review of operations

A review of the operations of the Company during the financial year and the results of those operations show [describe changes in operating results, assets, liabilities etc].

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Director's report continued...

Events after the reporting date

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

Future developments and results

The company intends to continue providing banking services to the community.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors


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.

Auditor independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2020 has been received and can be found on page 9 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



John Fletcher

Director

Signed at Swansea on 28 September 2020

Independence declaration



Auditors Independence Declaration

To the Directors of Freycinet Coast Financial Services Ltd

I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001*; and
- (b) no contraventions of any applicable code of professional conduct

in relation to our audit for the year ended 30 June 2020.

Synectic Audit & Assurance Pty Ltd

Benjamin Coull
Director

Date: 29 September 2020

Synectic Audit & Assurance Pty Ltd

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Financial statements

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue			
Commissions		585,910	618,799
Fees		155,788	160,619
Interest		7,890	9,954
Other revenue		34,543	779
		784,131	790,151
Expenses			
Employee benefits		385,198	376,099
Information technology and communications		44,787	45,469
ATM and other branch operating expenses		43,164	46,149
Occupancy costs		40,701	96,375
Administrative expenses		91,250	120,142
Depreciation, amortisation and impairment		85,324	37,458
Finance costs		7,116	1
Operating profit		86,591	68,458
Charitable donations and sponsorships		26,132	24,457
Profit before income tax		60,459	44,001
Income tax expense		-	-
Profit for the year		60,459	44,001
Other comprehensive income			
Other comprehensive income, net of tax --		-	-
Total comprehensive income for the year		60,459	44,001
Earnings per Share			
Basic earnings per share (cents per share)		5.12	3.76

The accompanying notes form a part of these financial statements.

Financial statements

Statement of Financial Position As at 30 June 2020

		2020	2019
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	522,730	502,348
Trade and other receivables	6	62,915	69,388
TOTAL CURRENT ASSETS		585,645	571,736
NON-CURRENT ASSETS			
Property, plant and equipment	7	135,181	51,630
Intangible assets	8	71,944	98,776
TOTAL NON-CURRENT ASSETS		207,125	150,406
TOTAL ASSETS		792,770	722,142
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	32,831	59,180
Bank overdraft		235	-
Employee benefits	11	21,519	17,750
Financial liabilities	10	71,969	26,829
TOTAL CURRENT LIABILITIES		126,554	103,759
NON-CURRENT LIABILITIES			
Employee benefits	11	4,417	13,179
Financial liabilities	10	75,254	49,052
TOTAL NON-CURRENT LIABILITIES		79,671	62,231
TOTAL LIABILITIES		206,225	165,990
NET ASSETS		586,545	556,152
EQUITY			
Issued capital	12	1,153,788	1,153,788
Retained earnings		(567,243)	(597,636)
TOTAL EQUITY		586,545	556,152

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form a part of these financial statements.

Financial statements

Statement of Changes in Equity For the year ending 30 June 2020

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019		1,153,788	(597,636)	556,152
Restatement on initial application of AASB 16		-	(6,634)	(6,634)
Balance at 1 July 2019 restated		1,153,788	(604,270)	549,518
Net profit for the year		-	60,459	60,459
Dividends paid		-	(23,432)	(23,432)
Balance at 30 June 2020		1,153,788	(567,243)	586,545
Balance at 1 July 2018		1,153,788	(594,770)	559,018
Net profit for the year		-	44,001	44,001
Dividends paid		-	(46,865)	(46,865)
Balance at 30 June 2019		1,153,788	(597,634)	556,154

The accompanying notes form a part of these financial statements.

Financial statements

Statement of Cash Flows For year ending 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		757,751	748,143
Payments to suppliers		(242,102)	(357,040)
Interest received		7,890	9,954
Payments to employees		(407,415)	(381,001)
Finance costs		(7,116)	-
GST recovered/paid		(10,611)	18,276
Net cash provided by/(used in) operating activities	15	98,397	38,332
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		-	8,005
Purchase of property, plant and equipment		(4,837)	(43,190)
Net cash provided by/(used in) investing activities		(4,837)	(35,185)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liability		(47,531)	-
Dividends paid		(25,880)	(41,517)
Net cash provided by/(used in) financing activities		(73,411)	(41,517)
Net increase/(decrease) in cash and cash equivalents held		20,149	(38,370)
Cash and cash equivalents at beginning of year		502,348	540,723
Cash and cash equivalents at end of financial year	5	522,497	502,353

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The accompanying notes form a part of these financial statements.

Notes to the financial statements

The financial report covers Freycinet Coast Financial Services Ltd as an individual entity. Freycinet Coast Financial Services Ltd is a for-profit Company limited by shares, incorporated and domiciled in Australia.

1. Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Australian Accounting Standards and the Corporations Act 2001*.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. Change in Accounting Policy

Leases - Adoption of AASB 16

The Company has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of \$136,388 and lease liabilities of \$143,020 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 5.39%.

3. Summary of Significant Accounting Policies

(a) Economic dependence

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branches at Bicheno and Swansea.

The branches 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**[®] branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches 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.

(b) Revenue and other income

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.

Notes to the financial statements continued...

- a change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.

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

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

- a. If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;
- b. In changing a margin to a commission or a commission to a margin on a core banking product or service, OR changing the method of calculation of a cost of funds, deposit return or margin or amount of margin or commission on a core product or service, Bendigo and Adelaide Bank Limited must not reduce the Company's share of Bendigo and Adelaide Bank Limited's margin on core banking product and services when aggregated to less than 50% of Bendigo and Adelaide Bank Limited's margin on core banking products attributed to the Company's retail branch operation; and
- c. Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

(c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

(e) Property, plant and equipment

Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - FVOCI

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis. Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Financial liabilities

The Company measures all financial liabilities initially at fair

Notes to the financial statements continued...

value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(g) Intangible Assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(i) Leases

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(k) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

4. Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2020	2019
	\$	\$
Current tax expense		
Current income tax expense	18,947	6,214
Recognition of previously unrecognised tax losses	(18,947)	(6,214)
	-	-

(b) Reconciliation of income tax to accounting profit:

Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2019: 27.5%)	16,626	12,100
- other non-allowable items	61	-
- temporary differences not previously recognised	2,260	(5,886)
Recoupment of prior year tax losses not previously brought to account	(18,947)	(6,214)
Income tax expense	-	-
Deferred tax assets have not been recognised in respect of the following:		
Tax losses	44,289	63,236
Temporary differences	30,669	28,234

Deferred tax assets have not been recognised in respect of these items because there is uncertainty that future taxable profit will be available against which Freycinet Coast Financial Services Ltd can utilise the benefits therein.

5. Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	119,930	108,070
Short-term deposits	402,800	394,278
	522,730	502,348

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the

statement of financial position as follows:

Cash and cash equivalents	522,730	502,348
Bank overdrafts	(235)	-
Balance as per statement of cash flows	522,495	502,348

Notes to the financial statements continued...

6. Trade and Other Receivables

CURRENT

Trade receivables **62,915** 69,388

7. Property, plant and equipment

	2020	2019
	\$	\$
Buildings		
Leasehold improvements	132,221	132,222
Right of Use leased asset	222,944	-
Accumulated depreciation	(267,744)	(132,222)
Total buildings	87,421	-
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	212,532	207,694
Accumulated depreciation	(192,026)	(188,679)
Total plant and equipment	20,506	19,015
Motor vehicles		
At cost	35,743	35,743
Accumulated depreciation	(8,489)	(3,128)
Total motor vehicles	27,254	32,615
Total plant and equipment	47,760	51,630
	135,181	51,630

Movements in carrying amounts of property, plant and equipment

	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Year ended 30 June 2020				
Balance at the beginning of year	-	19,015	32,615	51,630
Initial adoption of AASB16	136,387	-	-	136,387
Additions	-	4,852	-	4,852
Depreciation expense	(48,966)	(3,361)	(5,361)	(57,688)
Balance at the end of the year	87,421	20,506	27,254	135,181

Year ended 30 June 2019

Balance at the beginning of year	1,523	15,626	9,759	26,908
Additions	-	6,737	35,743	42,480
Disposals	-	-	(7,299)	(7,299)
Depreciation expense	(1,523)	(3,348)	(5,588)	(10,459)
Balance at the end of the year	-	19,015	32,615	51,630

8. Intangible Assets

	2020	2019
	\$	\$
Licenses and franchises		
Cost	201,535	201,535
Accumulated amortisation and impairment	(129,591)	(102,759)
	71,944	98,776

9. Trade and Other Payables

CURRENT

Trade payables	8,483	11,674
GST payable	7,664	18,276
Employee benefits	(3,633)	13,590
Sundry payables and accrued expenses	16,919	9,794
Dividends payable	3,398	5,846
	32,831	59,180

10. Financial Liabilities

CURRENT

Franchise fee payable	26,829	26,829
Lease liabilities	45,140	-
	71,969	26,829

NON-CURRENT

Franchise fee payable	24,905	49,052
Lease liabilities	50,349	-
	75,254	49,052

11. Employee Benefits

CURRENT LIABILITIES

Annual leave **21,519** 17,750

NON-CURRENT LIABILITIES

Long service leave **4,417** 13,179

12. Issued Capital

1,171,615 (2019: 1,171,615)	
Ordinary shares	1,153,788 1,153,788

Notes to the financial statements continued...

12. Issued Capital (continued)

Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

13. Dividends

Franked dividends declared or paid during the year were unfranked.

No dividend has been proposed.

14. Financial Risk Management

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Freycinet Coast Financial Services Ltd's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Freycinet Coast Financial Services Ltd's activities.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Credit risk

Credit risk refers to the risk that a counterparty will default on

its contractual obligations resulting in a financial loss to the Company.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company has negligible exposure to market risk.

15. Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	\$	\$
Profit for the year	60,459	44,001
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Depreciation	57,674	10,463
Amortisation	26,832	26,832
Changes in assets and liabilities:		
Trade and other receivables	6,474	2,262
Trade and other payables	(23,903)	7,417
Employee entitlements	(4,992)	(18,494)
Cashflows from operations	122,544	72,481

16. Key Management Personnel Remuneration

The directors of Freycinet Coast Financial Services Ltd act in a wholly voluntary capacity and receive no remuneration.

17. Auditors' Remuneration

Remuneration of the auditor for:

- auditing or reviewing the financial statements	5,500	5,500
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18. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

19. Events Occurring After the Reporting Date

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

Directors' declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2020 are in accordance with the Corporations Act 2001 and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the financial position and performance of the Company;
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 declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in dark ink, appearing to be 'John Fletcher', written over a horizontal line.

John Fletcher
Director

Signed at Swansea on 28 September 2020.

Independent Auditor's Report

To the Members of Freycinet Coast Financial Services Ltd

Report on the Audit of the Financial Report

We have audited the financial report of Freycinet Coast Financial Services Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

Opinion

In our opinion the accompanying financial report of Freycinet Coast Financial Services Ltd is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of

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the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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





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.

A stylized, handwritten signature of the word "Synectic" in black ink.

Synectic Audit & Assurance Pty Ltd

A handwritten signature in black ink that reads "Benjamin Coull".

Benjamin Coull
Director

Date: 29 September 2020



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