

Annual Report 2021

Freycinet Coast Financial
Services Limited

Community Bank
Swansea and Bicheno

ABN 32 127 068 222

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Chair's Report

Dear Shareholders,

When I wrote this report last year Australia was experiencing border closures and lockdowns associated with Covid 19.

Australia is still experiencing the same issues. Tasmania fortunately has not had any active cases for some time.

Our business has increased during the year and the total book of loans and deposits at year end amounts to \$102 million.

Financial performance has been impacted by the low interest rate environment on banking products which has seen our operating revenue decline by \$68,369 resulting in a loss of \$10,838 compared to a profit of \$60,459 in 2020.

This result includes \$20,274 from Cash Flow Boost stimulus payments from the Federal Government (2020 \$33,790).

The resource sharing arrangement with Break O'Day Community Financial Services Limited has been operating for 12 months and representatives from both Boards meet regularly to review and discuss the arrangement. It has provided benefits to both organisations from a human resource and cost sharing perspective.

Suzanne Turner our Senior Branch Manager is very supportive of the arrangement and ensures that the needs of both organisations are being met.

Staff have worked hard during the year and on behalf of the Board I thank them for their efforts. As in all organisations there is some staff turnover and Suzanne must recruit suitable replacements for the needs of the organisation and to ensure they are trained and supported in their roles.

Jordan Lovell our Bendigo Regional Manager has continued to support 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 has been holding meetings in the towns the Community Bank services. A meeting was held at Triabunna in March with a visit to Elphinstone Engineering and a community function. The July meeting was held at Bicheno with a visit to Waubs Harbour Distillery and a community function.

The community functions provide an opportunity to highlight community grants and sponsorships that the Community Bank support in the respective towns.

Since last reporting one new Director has been appointed, Alison Wallace from Rocky Hills.

Bruce Dunbabin retired from the Board last year and on behalf of the Board I wish to thank him for his long period of service and dedication to the organisation.

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

Hopefully next year the Australian population will be largely vaccinated, and we will be less restricted by Covid19.



John Fletcher
CHAIRMAN

Branch Manager's Report

The 2020-21 financial year has seen ongoing hardship throughout Australia with the impacts of Covid-19 continuing to compromise the Australian way of life. Whilst in Tasmania, at the time of writing, we have not had to endure the lock downs seen on Mainland Australia, we still have felt the impact of reduced tourism numbers in recent months which has been very difficult for some of our customers.

For the Swansea/Bicheno Community Bank, we have worked hard to grow our business over the past 12 months. Our funds under management have grown by over \$9.7 Million (10% growth) throughout the year, with a strong increase in deposit funds. Whilst we have had a record year in loan settlements, we have also seen a record number of loans paid out due to customers taking advantage of strong increases in the Real Estate Market enabling them to reduce their debt levels.

The banking industry is changing with some industry modelling forecasting that we will be living in a cashless society within 10 years. This would have been hard to imagine 12 months ago, however Covid-19 has seen more people choosing to transact online. As a result, our transactions in branch are declining and even our ATM's are being used less. This means more than ever our staff need to be equipped with the skills to communicate with our customers on a much deeper level to ensure we are providing them with excellent financial solutions. As a local bank, we will strive to ensure this becomes an opportunity for us. We need to be seen as a place for our customers to obtain options for maximising their finances in a convenient, face to face environment.

Our collaboration with the St Helens/St Marys Community Bank, which was established in the 2019/2020 financial year has been a very successful partnership. It has enabled me to focus on developing our businesses through partnering with other likeminded organisations, staff development and training and establishing a team of lending specialists. Our team is strong on commitment and focused on the growth of our business. 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 2020/2021. Our community sponsorships and grants have now exceeded \$339,000 since we began. This investment in our community is only possible because of their support.

Please keep telling the story: we are a bank that feeds into the prosperity of our customers, not off it. This is your town and your bank, let's work together to help everyone thrive!

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

Bendigo Report

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each other and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.



Collin Brady
Head of Community Development
BENDIGO AND ADELAIDE BANK

Director's Report

For the Year Ended 30 June 2021

The directors present their report on Freycinet Coast Financial Services Ltd for the financial year ended 30 June 2021.

Information on Directors

John Fletcher Qualifications Experience Interest in Shares	Chairperson and Treasurer Bachelor of Business (Accounting) Retired Finance Executive Nil
Richard Benwell Qualifications Experience Interest in Shares	Nil Retired Brewery Manager Nil
Bruce Dunbabin Qualifications Experience Interest in Shares	Resigned 26 November 2020 Nil Primary Producer 7,000 ordinary shares
Neil Edwards Qualifications Experience Interest in Shares Special Resp.	Nil Quarry Owner and Operator Nil Developing strategies for business growth in the Triabunna/Orford region
Annette Hughes Qualifications Experience Interest in Shares Special Resp.	Bachelor of Arts (Hons), JD-Juris Doctor Commercial Lawyer with extensive experience Nil Marketing Committee
Elizabeth Hutchinson Qualifications Experience Interest in Shares	Nil Previous Company Secretary Nil
Nick Johnston Qualifications Experience Interest in Shares	Commercial Part 3 Divers Certificate Tourism Operator Nil
Bernard Raspin Qualifications Experience Interest in Shares	Diesel Fitter Logging and Forestry Industry Nil

Chris Manson Qualifications Experience Interest in Shares Special Resp.	Bachelor of Law (LLB), Bachelor of Science Business Owner and Operator Nil Marketing Committee
Josie Dunbabin Qualifications Experience Interest in Shares Special Resp.	Resigned 28 July 2021 Bachelor of Education (Primary) Teaching and Agriculture Nil Marketing Committee
Alison Wallace Qualifications Experience Interest in Shares	Appointed 22 February 2021 Tourism and Hospitality Nil

Special Resp. – Special Responsibilities

Meetings of Directors

During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended	Leave of absence
John Fletcher	10	9	1
Richard Benwell	10	9	1
Bruce Dunbabin	4	4	-
Josie Dunbabin	10	5	-
Neil Edwards	10	2	3
Annette Hughes	10	10	-
Elizabeth Hutchinson	10	10	-
Nick Johnston	10	10	-
Chris Manson	10	10	-
Bernard Raspin	10	9	-
Alison Wallace	4	4	-

Company Secretary

Georgie de Candia was appointed Company Secretary in April 2020.

Director's Report continued

For the Year Ended 30 June 2021

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 loss of the Company after providing for income tax amounted to \$ (10,838) (2020: \$ 60,459).

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.
- No dividend has been declared or paid for the year ended 30 June 2021 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 is contained within the accompanying chair's and manager's reports.

Significant changes in state of affairs

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

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.

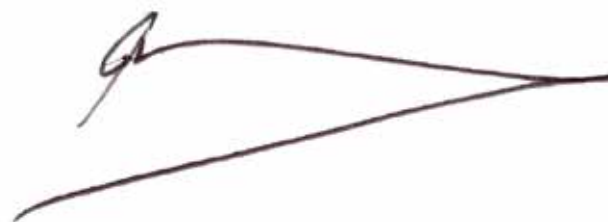
Indemnification and insurance of officers and auditors

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's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 June 2021 has been received and can be found on page 5 of the financial report.

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



Director:

John Fletcher

23 September 2021

AUDITOR'S 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 2021.


Synectic Audit & Assurance Pty Ltd


Benjamin Coull
Director

Date: 23/09/2021

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

		2021	2020
Revenue	Note	\$	\$
Commissions		530,774	585,910
Fees		147,241	155,788
Interest		3,204	7,890
Other revenue		20,274	34,543
		701,493	784,131
Expenses			
Employee benefits		409,547	385,198
Information technology and communications		43,467	44,787
ATM and other branch operating expenses		33,715	43,164
Occupancy costs		38,545	40,701
Administrative expenses		66,366	92,068
Depreciation, amortisation and impairment		82,182	84,506
Finance costs		7,228	7,116
Operating profit		20,443	86,591
Charitable donations and sponsorships		31,281	26,132
Profit before income tax		(10,838)	60,459
Income tax expense		-	-
Profit for the year	3	(10,838)	60,459
Other comprehensive income			
Other comprehensive income, net of tax		-	-
Total comprehensive income for the year		(10,838)	60,459
Earnings per share			
Basic earnings per share (cents)		(0.93)	5.16

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	508,389	522,730
Trade and other receivables	5	60,755	62,915
TOTAL CURRENT ASSETS		569,144	585,645
NON-CURRENT ASSETS			
Property, plant and equipment	6	123,271	135,181
Intangible assets	7	47,796	71,944
TOTAL NON-CURRENT ASSETS		171,067	207,125
TOTAL ASSETS		740,211	792,770
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	43,855	32,831
Bank overdraft		-	235
Employee benefits	10	23,799	21,519
Financial liabilities	9	75,720	71,969
TOTAL CURRENT LIABILITIES		143,374	126,554
NON-CURRENT LIABILITIES			
Employee benefits	10	9,490	4,417
Financial liabilities	9	35,072	75,254
TOTAL NON-CURRENT LIABILITIES		44,562	79,671
TOTAL LIABILITIES		187,936	206,225
NET ASSETS		552,275	586,545
EQUITY			
Issued capital	11	1,153,788	1,153,788
Retained earnings		(601,513)	(567,243)
TOTAL EQUITY		552,275	586,545

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Note	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2020		1,153,788	(567,243)	586,545
Net profit for the year		-	(10,838)	(10,838)
Dividends paid		-	(23,432)	(23,432)
Balance at 30 June 2021		1,153,788	(601,513)	552,275
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

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		754,344	836,069
Payments to suppliers		(252,919)	(267,212)
Interest received		3,204	7,890
Payments to employees		(387,133)	(407,415)
Finance costs		(7,228)	(7,116)
GST recovered/(paid)		(45,974)	(63,821)
Net cash provided by/(used in) operating activities	14	64,294	98,395
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(4,825)	(4,837)
Movement in intangible assets		(2,683)	-
Net cash provided by/(used in) investing activities		(7,508)	(4,837)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payment of lease liability		(48,216)	(47,531)
Dividends paid		(22,676)	(25,880)
Net cash provided by/(used in) financing activities		(70,892)	(73,411)
Net increase/(decrease) in cash and cash equivalents held		(14,106)	20,147
Cash and cash equivalents at beginning of year		522,495	502,348
Cash and cash equivalents at end of financial year	4	508,389	522,495

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

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 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. 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 branches franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

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

(b) Revenue and other income

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

Interest

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

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

Notes to the Financial Statements continued

For the Year Ended 30 June 2021

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;
- 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.

Notes to the Financial Statements continued

For the Year Ended 30 June 2021

(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 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 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.

Notes to the Financial Statements continued

For the Year Ended 30 June 2021

(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 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

Notes to the Financial Statements continued

For the Year Ended 30 June 2021

3 Income Tax Expense

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

	2021	2020
	\$	\$
Current tax expense	(1,378)	18,947
Current income tax expense	1,378	(18,947)
Unrecognised tax losses	-	-

(b) Reconciliation of income tax to accounting profit: Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	(2,818)	16,626
- other non-allowable items	-	61
- temporary differences not recognised	1,440	2,260
Recoupment of prior year tax losses not previously brought to account	1,378	(18,947)
Income tax expense	-	-

Deferred tax assets have not been recognised in respect of the following:

Tax losses	41,588	41,873
Temporary differences	9,886	8,841

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.

4 Cash and Cash Equivalents

Cash at bank and in hand	102,047	119,930
Short-term deposits	406,342	402,800
	508,389	522,730

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	508,389	522,730
Bank overdrafts	-	(235)
Balance as per statement of cash flows	508,389	522,495

5 Trade and Other Receivables

CURRENT

Trade receivables	60,755	62,915
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Notes to the Financial Statements continued

For the Year Ended 30 June 2021

	2021	2020
	\$	\$
6 Property, plant and equipment		
Buildings	79,633	87,421
Right of use leased assets		
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	216,433	212,532
Accumulated depreciation	(195,961)	(192,026)
Total plant and equipment	20,472	20,506
Motor vehicles		
At cost	35,743	35,743
Accumulated depreciation	(12,577)	(8,489)
Total motor vehicles	23,166	27,254
Total plant and equipment	43,638	47,760
	123,271	135,181

Movements in carrying amounts of property, plant and equipment

	Buildings	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
Year ended 30 June 2021				
Balance at the beginning of year	87,421	20,506	27,254	135,181
Remeasurement of lease liability	38,614	-	-	38,614
Additions	-	3,900	-	3,900
Depreciation expense	(46,402)	(3,934)	(4,088)	(54,424)
Balance at the end of the year	79,633	20,472	23,166	123,271
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

Notes to the Financial Statements continued

For the Year Ended 30 June 2021

	2021 \$	2020 \$
7 Intangible Assets		
Licenses and franchises		
Cost	204,219	201,535
Accumulated amortisation and impairment	(156,423)	(129,591)
	47,796	71,944
8 Trade and Other Payables		
CURRENT		
Trade payables	7,155	8,483
GST payable	16,828	7,664
Employee benefits	11,428	(3,633)
Sundry payables and accrued expenses	4,290	16,919
Dividends payable	4,154	3,398
	43,855	32,831
9 Financial Liabilities		
CURRENT		
Franchise fee payable	24,905	26,829
Lease liabilities	50,815	45,140
	75,720	71,969
NON-CURRENT		
Franchise fee payable	-	24,905
Lease liabilities	35,072	50,349
	35,072	75,254
10 Employee Benefits		
CURRENT LIABILITIES		
Annual leave	23,799	21,519
NON-CURRENT LIABILITIES		
Long service leave	9,490	4,417
11 Issued Capital		
1,171,615 (2020: 1,171,615) Ordinary shares	1,153,788	1,153,788

Notes to the Financial Statements continued

For the Year Ended 30 June 2021

11 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.

12 Dividends

The following dividends were declared and paid:

	2021 \$	2020 \$
Ordinary dividend of 2.0 (2020: 2.0) cents per share paid in January	23,432	23,432

Dividends paid during the year were unfranked.

No dividend has been proposed.

13 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.

14 Cash Flow Information

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

	2021 \$	2020 \$
Profit for the year	(10,838)	60,459
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
Depreciation	55,350	57,674
Amortisation	26,831	26,829
Changes in assets and liabilities:		
Trade and other receivables	2,160	6,474
Trade and other payables	10,266	(23,903)
Employee entitlements	7,354	(4,992)
Franchise fee payable	(26,829)	(24,146)
Cashflows from operations	64,294	98,395

Notes to the Financial Statements continued

For the Year Ended 30 June 2021

15 Key Management Personnel Remuneration

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

16 Auditors' Remuneration

	2021 \$	2020 \$
Remuneration of the auditor for: – auditing or reviewing the financial statements	5,140	5,500

17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2021 (30 June 2020:None).

18 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.

Director's Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2021 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.

Director:

John Fletcher

23 September 2021

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 2021, 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 2021 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.


Synectic Audit & Assurance Pty Ltd


Benjamin Coull
Director

Date: 23/09/2021

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