

Good Country Financial Services Limited

ABN 86 164 061 143



2019 Annual Report

Keith & Districts Community Bank Branch

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Chairman's report

For year ending 30 June 2019

This year we celebrated five years of operating our Community Bank branch, a great milestone and we celebrated in a generous way. Giving five lucky groups each \$5,000 to help with their own special projects, totalling \$25,000. This was a very proud moment for us as a Board and gave us great satisfaction that our Community Bank branch is really gaining momentum.

We also contributed to our community with other sponsorships making up to a total of \$42,880 in approved funding for the financial year. These as usual have been over a wide range of clubs and groups over a large area of our region.

We enjoyed having another school-based trainee Kira Baxter from Tintinara Area School with us this year. This provided her with a great experience and up skilled her enormously. Our School based trainee program is something we are very proud of, and it especially helps us with cover for our staff holidays. We have also now recruited our new trainee Lara McLellan from Bordertown High School for a twelve-month contract. This program gives local students a great opportunity to work in a career that may not otherwise be available without our local Community Bank branch.

Our business has matured into a profitable position and we are now maintaining a consistent cash flow month on month. We still have an overdraft facility in place but are only using a very small amount of the facility, which means we are well ahead of our cash forecasts from two years ago.

This year has also seen an increase in foot traffic in the branch, with Fiona reporting her staff being very busy satisfying our customer requirements. We are continually gaining the confidence of the community, and they are now understanding what we can do together.

Our Community Bank branch has grown its business portfolio to \$85 million this year thanks mainly to the growth of our rural banking. Our customers are finding us very competitive and our specialist Simon O'Leary is in the area regularly to assist our customers and branch staff. We have also had good growth in all our consumer products.

The Board has been mindful of our loyal shareholders since the inception of Good Country Financial Services Limited and we can finally announce that we are planning to pay out a dividend, although small, it gives some reward to our true believers. There is a complex

formula to be followed to distribute dividends and we are working through this currently.

Your continued support and that of your family, friends and colleagues is greatly appreciated.

Our company office in the Natural Resource building is working very well and has proved to be a great meeting place for our sub-committees and a workspace for our Board assistant. Our Treasurer role is still being outsourced to Jason Seidel of Galpins Mt Gambier, providing us with good resources and professional advice.

I would like to thank my fellow Directors as they continue to work away ensuring our company runs along smoothly and all compliance is met. They also support and encourage the branch staff. I would especially like to thank those Directors who are retiring at our AGM, or since the end June, their passion for our Community Bank branch and its success has been greatly appreciated. Every Director is involved in a voluntary capacity and their efforts and commitments are very substantial. We have not appointed any new Directors during the year but are always looking for new Directors to bring their skills to the Board.

Another thank you again to our Branch Manager Fiona Wilkinson. Fiona has had another very successful year leading the branch, one highlight being invited to present at the Community Bank State Conference about the success of our Keith branch. Thanks also to our staff Sherri Creighton, Peta Kellock, Brigitte Clark, Jodi Kotz, Kira Baxter and Lara McLellan. It has been another very settled year with the same staff.

Finally, I would like to thank all those who are currently supporting our Community Bank branch with their banking requirements and look forward to servicing you with a high level of customer satisfaction into the future.

As shareholders, please share this information with others to let them know what a success Keith & Districts Community Bank Branch is becoming.



James Ryan
Chairman

Manager's report

For year ending 30 June 2019

It is with great pleasure that I present my sixth annual report to our shareholders, reporting on our fifth full year of operation.

Our business has continued to grow from strength to strength and we have reached several exciting milestones throughout the year. Each milestone just as exciting as the others!

Our business has grown to just over \$85 million, well above our target for the year. Over half our business sits under the Rural Bank portfolio and we are the second largest Rural Bank branch nationally for the Bendigo and Adelaide Bank Limited network.

We have also reported a monthly net profit for ten months of the year, finishing with a NPBT of \$95,875. The two months that reported a budgeted net loss was due to our first annual Franchise Renewal Fee payment and timing of the 2018 Community Grant funding.

Our overdraft facility fluctuated into credit for the first time in March, coinciding with our fifth anniversary, after peaking at just over (\$132,000). This is well below the forecasted overdraft limit and just before our fifth anniversary. It was exciting to hear our Chairman James Ryan announce this milestone at our fifth birthday celebration.

Interest rates have continued a downward trend which has affected our income, though having a strong Rural Bank portfolio, which we are paid on a percentage commission basis, we have been somewhat insulated from the rate of income decrease many of our Community Bank branch network peers have seen. Knowing our target market, and planning business growth activities from the beginning, is now paying off for us.

Coinciding with our fifth birthday, we presented \$5,000 to five groups:

- Keith APEX Club – disabled swing for the Don Mosely Park
- Bordertown Hockey Club – renovations for their club room
- Keith Football Club – replacement of deep fryers in the kitchen
- Tatiara Work Centre – solar panels to reduce operational costs
- Keith Childcare Centre – kitchen renovations.

Each group have received their funding with two clubs having completed their projects to date and the three remaining projects underway. The funding made available each year is a direct result of customer support and as we expand our business, we will be able to increase our community contributions to benefit our wider community.

To date, our branch has contributed over \$110,000 back into our community in sponsorships and grants.

We are also now working closely with the three other Community Bank branches in the South East under a collaborative marketing strategy. This has allowed us all to pool funds to the benefit of the SE community with joint ventures in sponsorship, marketing and community engagement. One such initiative is the Save a Life Program offered to all Area and High Schools in the South East for driver education to students. We see this as an ongoing initiative for years to come.

We have also signed a three-year sponsorship agreement with the three football leagues in the South East. This will give us an opportunity to further expand our branding and business growth whilst supporting community sports.

This year we have employed our fourth School-Based Trainee, the first from Bordertown High School, Lara McLellan. Lara is completing Certificate III in Business while also managing her on-the-job training as a Customer Service Officer and her year 11 studies. It is a big commitment from our Trainees each year and we are proud to be able to offer this opportunity to our local youth.

Once again, thank you to our shareholders and customers for supporting our local Community Bank branch. Our community contributions are a direct result from our customers choosing to bank with us.

I also would like to send a shout out to our Directors, all volunteers, who work tirelessly to help make us the success we are. To our loyal staff Jodi, Brigette, Peta, Sherri, Kira and Lara who are on a continual journey of learning and developing their skills to be able to serve our customers at the highest level.



Fiona Wilkinson
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2019

As a Bank of 160-plus years, we're proud to hold the mantle of Australia's fifth biggest bank. In today's banking environment it's time to take full advantage of this opportunity and for even more people to experience banking with Bendigo Bank and our way of banking, and with our Community Bank partners.

In promoting our point of difference it's sometimes lost that although we're different, we're represented in more than 500 communities across Australia and offer a full suite of banking and financial products and services. In many ways we're also a leader in digital technology and meeting the needs of our growing online customer base, many of whom may never set foot in a traditional bank branch.

At the centre of our point of difference is the business model you chose to support as a shareholder that supports local communities. Whether you're a shareholder of our most recent Community Bank branch which opened in Smithton, Tasmania, in June 2019, or you're a long-time shareholder who, from more than 20 years ago, you all play an important role. Your support has enabled your branch, and this banking model, to prosper and grow. You're one of more than 75,000 Community Bank company shareholders across Australia who are the reason today, we're Australia's only bank truly committed to the communities it operates in.

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your Community Bank company local Board of Directors.

Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

As a Bank, we're working hard to ensure that those who are not banking with us, and not banking with your Community Bank branch, make the change. It really is a unique model and we see you, the shareholder, as playing a key role in helping us grow your local Community Bank business. All it takes is a referral to your local Branch Manager. They'll do the rest.

We find that our customer base is a very loyal group. It's getting people to make the change that's the challenge. In today's environment, we've never had a better chance to convince people to make the change and your support in achieving this is critical.

From Bendigo and Adelaide Bank, once again, thank you for your ongoing support of your Community Bank branch and your community.

We would also like to thank and acknowledge the amazing work of your branch staff and Directors in developing your business and supporting the communities that you live and work in.



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2019

Your Directors present their report, together with the financial statements of the company, for the year ended 30 June 2019.

Directors

The names and details of the company's Directors who held office during or since the end of the financial year are:

Name and position held	Qualifications	Experience and Other Directorships
James Ryan Chairman Director since 31st May 2013	Bachelor of Applied Science In Agriculture	Owner and Director of family farming business. Involved with the Keith Football Club. Past Chairman of the Willalooka Farm Group and a past member of the Keith Hospital Board. Director & Owner of Henry & Rose Café.
Thomas Neville Secretary Director since 31st August 2018		Member of Keith Football Club
Louise Johnson Director since 11th June 2013	Diploma of Teaching (ECE) Certificate of Rural Office Practice	Director and bookkeeper for family farming business. 30 Years' experience in Education. Actively involved in the Keith and Willalooka community for over 25 years. Member of the Keith Art Group and a trainer at the Keith Football Club.
David Brown Director since 15th October 2014	Bachelor of Agricultural Science, CPAg, Australian Association of Agricultural Consultants and Regional Development of Australia	Board Member of A.W Howard Trust-PIRSA, Committee member of GRDC Irrigation Group (SA), Farmer and Agronomic Consultant.
Melody Mitton Director since 5th of July 2016	Hospitality & Management	Actively involved in the local community over 10 years. Currently President of PEAK, vice President of the Desert Dragons. Past President to Willalooka Progress Assn. Past Secretary to the Keith Art Group. Past Treasurer to the Keith Theatre Group.
Bill Hender Director since 5th December 2017		Local farmer currently the District Manager at DEWNR. Previously CEO of Robe District Council and the Keith and Districts Hospital. Involved with the local community for many years, including President of Keith Football Club and previous Tatiara Australia Day Citizen of the Year.
Geoff Watts Director since 3rd April 2018	Certificate in Real Estate Sales	Owner of Watts Rural PTY LTD, Qualified and licenced Land agent, Licenced Auctioneer (including Charity Auctioneer), Secretary of Field and Game Association, Member of the Real Estate Institute. Past member of Apex Club for 10 yrs
Carmel King Director since 31st August 2018		Data entry & admin JK Lending Solutions Mundulla Football Club Member Mundulla Netball Club Member Member of Women & Children's Hospital Auxiliary, Bordertown Branch Public Officer for Tatiara Work Centre
Nick Hunt Director since 31st August 2018		Wickham Flower & Co – Keith Branch Manager and Shareholder Keith Football Club Member Bordertown Basketball Club player & financial member Keith Basketball Club player & financial member

Directors' report (continued)

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

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

Principal activities

The principal activity and focus of the company's operations during the financial year was the operation of a Branch of Bendigo and Adelaide Bank Limited, pursuant to a franchise agreement.

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

Operating results

The profit of the company after providing for income tax amounted to \$287,189

Dividends

No dividends were declared or paid during the financial year.

Financial position

The net assets were \$306,783 as at 30 June 2019 reflecting a decrease in the overdraft and introduction of deferred tax asset. Cash has been utilised on operations as the company continues to build banking business.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the company that occurred during the financial year under review, not otherwise disclosed in these financial statements.

After balance date events

There have been no matters or circumstances arisen since the end of the financial year that 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 subsequent financial periods.

Future developments

Likely developments in the operations of the company and the expected results of those operations in future financial periods have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice in future financial periods.

Environmental issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth, State or Territory.

Options

No options over issued shares or interests in the company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

The Directors and Executive do not own any options over issued shares or interests in the company at the date of this report.

Proceedings on behalf of Company

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

Directors' report (continued)

Indemnifying officers or auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an Officer, but not an auditor, of the company. The insurance contract prohibits disclosure of any details of the cover.

Corporate governance

The company has implemented various corporate governance practices, which include:

- (a) The establishment of a finance and governance committee;
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

Directors meetings

The number of Directors meetings attended during the year were:

Director	Directors' Meetings		Finance Meetings		Governance Meetings	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
James Ryan	11	10	9	9	3	3
Thomas Neville	10	6	9	4	-	-
Louise Johnson	11	10	-	-	-	-
David Brown	11	4	9	1	-	-
Bill Hender	11	8	-	-	3	3
Melody Mitton	11	9	-	-	-	-
Geoff Watts	11	4	-	-	-	-
Carmel King	8	8	-	-	-	-
Nick Hunt	11	3	9	2	-	-

n/a - not a member of that Committee

Company secretary

Thomas Neville was appointed the Company Secretary of the Company on 5th November 2018.

Non audit services

The Directors are satisfied that the provision of non audit services during the period is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external auditor's:

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect integrity and objectivity of the auditor, and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

The lead auditor's independence declaration under s307C of the Corporations Act 2001 for the financial year ended 30 June 2019 is included within the financial statements.

This Report of the Directors is signed in accordance with a resolution of the Board of Directors at Keith on the 27th September 2019.



James Ryan
Director

Dated this 20th day of September 2019

Auditor's independence declaration



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Good Country Financial Services Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief there have been no contraventions of:

- a. The auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- b. Any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'David Wall'.

David Wall
Partner
RSM AUSTRALIA PARTNERS

Adelaide, South Australia
Date: 27 September 2019

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Financial statements

Good Country Financial Services Limited
ABN 86 164 061 143
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Revenue	2	578,119	477,545
Employee benefits expense	3	(292,839)	(292,177)
Depreciation and amortisation expense	3	(25,845)	(24,200)
Professional fees		(7,568)	(7,549)
Marketing and promotional expense		(13,759)	(14,647)
Other expenses		<u>(121,858)</u>	<u>(102,820)</u>
Profit (Loss) before charitable donations & sponsorships		116,250	36,152
Charitable donations and sponsorship		<u>(20,375)</u>	<u>(6,492)</u>
Profit (Loss) before income tax		95,875	29,660
Income tax benefit	4	<u>191,314</u>	-
Profit (Loss) for the year		287,189	29,660
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive Profit (loss) for the year attributable to members		<u><u>287,189</u></u>	<u><u>29,660</u></u>

Financial statements (continued)

Good Country Financial Services Limited
ABN 86 164 061 143
Statement of Financial Position
As at 30 June 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	7	960	733
Trade and other receivables	8	51,220	41,126
Other current assets	9	3,668	4,642
Total Current Assets		<u>55,848</u>	<u>46,501</u>
Non-Current Assets			
Plant and equipment	10	101,750	123,950
Intangible assets	11	71,848	1,167
Deferred tax assets	5	191,314	-
Total Non-Current Assets		<u>364,912</u>	<u>125,117</u>
Total Assets		<u>420,760</u>	<u>171,618</u>
Current Liabilities			
Trade and other payables	12	28,669	17,118
Borrowings - bank overdraft	7	20,283	110,426
Short term provisions	13	20,429	24,480
Total Current Liabilities		<u>69,381</u>	<u>152,024</u>
Non-Current Liabilities			
Trade and other payables	12	44,596	-
		<u>44,596</u>	<u>-</u>
Total Liabilities		<u>113,977</u>	<u>152,024</u>
Net Assets		<u>306,783</u>	<u>19,594</u>
Equity			
Issued capital	14	869,959	869,959
Accumulated losses		<u>(563,176)</u>	<u>(850,365)</u>
Total Equity		<u>306,783</u>	<u>19,594</u>

Financial statements (continued)

Good Country Financial Services Limited
ABN 86 164 061 143
Statement of Changes in Equity
for the year ended 30 June 2019

		Share capital	Accumulated losses	Total
	Note	\$	\$	\$
Balance at 30 June 2017		869,959	(880,025)	(10,066)
Issue of share capital		-	-	-
Total comprehensive loss for the year		-	29,660	29,660
Subtotal		869,959	(850,365)	19,594
Dividends paid or provided for	20	-	-	-
Balance at 30 June 2018		869,959	(850,365)	19,594
Issue of share capital		-	-	-
Total comprehensive profit for the year		-	287,189	287,189
Subtotal		869,959	(563,176)	306,783
Dividends paid or provided for	20	-	-	-
Balance at 30 June 2019		869,959	(563,176)	306,783

Financial statements (continued)

Good Country Financial Services Limited
ABN 86 164 061 143
Statement of Cash Flows
for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash Flows From Operating Activities			
Receipts from customers		561,217	486,778
Payments to suppliers and employees		(453,345)	(434,137)
Interest received		-	-
Interest paid		(2,637)	(5,813)
Net cash used in operating activities	15	<u>105,235</u>	<u>46,828</u>
Cash Flows From Investing Activities			
Payment for intangible assets		(14,865)	-
Purchase of property, plant and equipment		-	-
Net cash used in investing activities		<u>(14,865)</u>	<u>-</u>
Net increase / (decrease) in cash held		90,370	46,828
Cash and cash equivalents at beginning of financial year		<u>(109,693)</u>	<u>(156,521)</u>
Cash and cash equivalents at end of financial year	7	<u><u>(19,323)</u></u>	<u><u>(109,693)</u></u>

Notes to the financial statements

For year ended 30 June 2019

1. Statement of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial report covers the company as an individual entity. The company is a public company, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

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

The financial statements were authorised for issue on the 27th September 2019 by the Directors of the company.

(b) Income tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

Current tax assets and liabilities are offset where a legally enforceable right of set off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(c) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis.

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

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<i>Class of Asset</i>	<i>Depreciation Rate</i>
Fit out costs	10%
Plant & equipment (over \$5,000)	20 - 40%
Plant & equipment (under \$5,000)	100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(d) Goods and services tax (GST)

Revenues, 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(e) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(f) Intangibles

Franchise Fee

The franchise fee paid by the company pursuant to a Franchise Agreement with Bendigo Bank is being paid in annual instalments over the five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(h) Revenue and other income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

(j) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Comparative figures

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(l) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates - Estimation of useful lives of assets

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

Key estimates - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates

No impairment has been recognised in respect of intangibles for the year ended 30 June 2019. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2019 amounting to \$71,848

Employee benefits provision

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

Income tax

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

(m) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

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

Classification and Subsequent Measurement

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(m) Financial instruments (continued)

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the statement of comprehensive income unless they are designated as hedges.

The company does not hold any derivative instruments.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Financial Guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 15: Revenue. Where the company gives guarantees in exchange for a fee, revenue is recognised under AASB 15. The company has not issued any financial guarantees.

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

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

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

AASB 15 Revenue from Contracts with Customers

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

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

AASB 9 Financial Instruments

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

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

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(o) New accounting standards for application in future periods

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

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

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

AASB 16:

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

The standard will primarily affect the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of \$80,080. However, the company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the company's profit and classification of cash flows.

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

Notes to the financial statements (continued)

	2019 \$	2018 \$
2. Revenue		
Franchise margin income	578,119	477,545
Interest received	-	-
	<u>578,119</u>	<u>477,545</u>
3. Expenses		
Employee benefits expense		
- wages and salaries	251,775	244,028
- superannuation costs	24,026	22,636
- other costs	17,038	25,513
	<u>292,839</u>	<u>292,177</u>
Depreciation of non-current assets:		
- plant and equipment	-	-
- buildings	22,200	22,200
Amortisation of non-current assets:		
- intangible assets	3,645	2,000
	<u>25,845</u>	<u>24,200</u>
4. Income tax		
(a) The components of tax benefit comprise:		
Current Tax	-	-
Deferred Tax	191,314	-
	<u>191,314</u>	<u>-</u>
(b) The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax on profit before income tax at 27.5% (2018: 27.5%)	26,366	8,157
Add / (less) net tax effect of:		
- Other non-allowable items	14,002	17,227
- Other allowable items	(11,947)	(14,280)
- Prior year adjustment	-	-
- Tax losses carried forward not brought to account	-	(11,104)
- Deferred tax brought to account	(219,735)	-
Income tax attributable to company	<u>(191,314)</u>	<u>-</u>
Deferred tax assets		
Deferred tax assets arising from tax losses and deductible temporary differences were not recognised at reporting date as realisation of the benefit was not regarded as probable.	-	219,735
	<u>-</u>	<u>219,735</u>
5. Deferred Tax Asset		
Opening balance of deferred tax asset	-	-
Credited to profit or loss	191,314	-
Closing balance of deferred tax asset	<u>191,314</u>	<u>-</u>

Notes to the financial statements (continued)

	2019 \$	2018 \$
6. Auditors' remuneration		
Remuneration of the auditors of the company		
- Audit services	5,277	5,700
- Other services	785	1,600
	<u>6,062</u>	<u>7,300</u>

7. Cash and cash equivalents

Cash at bank and in hand	<u>960</u>	<u>733</u>
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Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

As per the statement of financial position	960	733
(Less) bank overdraft	<u>(20,283)</u>	<u>(110,426)</u>
As per the statement of cash flows	<u>(19,323)</u>	<u>(109,693)</u>

8. Trade and other receivables

Current

Trade receivables:		
Trade debtors	51,220	41,126
Total current receivables	<u>51,220</u>	<u>41,126</u>

a. Allowance for expected credit losses

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms.

Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract.

A provision for impairment is recognised when there is an objective evidence that an individual trade or term receivable is impaired. These amounts will be included in the other expenses item of the statement of comprehensive income.

There is no provision for impairment of receivables.

	2019 \$	2018 \$
9. Other assets		
Current		
Prepayments	3,668	3,475
Prepaid training costs	-	1,167
	<u>3,668</u>	<u>4,642</u>

Notes to the financial statements (continued)

	2019 \$	2018 \$
10. Plant and equipment		
<i>Fit out costs</i>		
At cost	222,000	222,000
Less accumulated depreciation	(120,250)	(98,050)
	<u>101,750</u>	<u>123,950</u>
<i>Plant and equipment</i>		
At cost	1,759	1,759
Less accumulated depreciation	(1,759)	(1,759)
	<u>-</u>	<u>-</u>
Total written down amount	<u>101,750</u>	<u>123,950</u>
Movements in carrying amounts		
<i>Fit out costs</i>		
Carrying amount at beginning of period	123,950	146,150
Additions	-	-
Disposals	-	-
Depreciation expense	(22,200)	(22,200)
Carrying amount at end of period	<u>101,750</u>	<u>123,950</u>
<i>Plant and equipment</i>		
Carrying amount at beginning of period	-	-
Additions	-	-
Disposals	-	-
Depreciation expense	-	-
Carrying amount at end of period	<u>-</u>	<u>-</u>
11. Intangible assets		
<i>Franchise Fee</i>		
Cost	84,326	10,000
Accumulated amortisation	(12,478)	(8,833)
	<u>71,848</u>	<u>1,167</u>

Pursuant to a five year franchise agreement with Bendigo and Adelaide Bank Limited, the company operates a branch of Bendigo and Adelaide Bank Limited, providing a core range of banking products and services.

	2019 \$	2018 \$
12. Trade and other payables		
Current		
Trade creditors	-	-
Other creditors and accruals	18,547	7,452
GST payable	10,122	9,666
	<u>28,669</u>	<u>17,118</u>
Non-Current		
Other creditors and accruals	44,596	-
	<u>44,596</u>	<u>-</u>

Notes to the financial statements (continued)

	2019 \$	2018 \$
13. Provisions		
Current		
Employee entitlements	<u>20,429</u>	<u>24,480</u>
Number of employees at year end	7	7
14. Equity		
869,959 fully paid ordinary shares	<u>869,959</u>	<u>869,959</u>
15. Statement of Cash Flows		
(a) Reconciliation of cash flow from operations with loss after tax		
Profit (Loss) after income tax	287,189	29,660
Non cash items included in loss		
- Depreciation	22,200	22,200
- Amortisation of franchise fee	3,645	2,000
Movement in assets and liabilities		
- (Increase) decrease in receivables / other assets	(9,120)	(11,760)
- (Increase) decrease in deferred tax asset	(191,314)	-
- (Increase) decrease in intangibles	(59,461)	-
- Increase (decrease) in payables	56,147	942
- Increase (decrease) in provisions	<u>(4,051)</u>	<u>3,786</u>
Net cash used in operating activities	<u>105,235</u>	<u>46,828</u>

(b) Credit standby arrangement and loan facilities

The company has put in place a bank overdraft facility amounting to \$230,000 (2018:\$230,000) to assist with working capital requirements.

The overdraft facility is secured by a general security deed over all present and after acquired property granted by the company.

At 30 June 2019, \$20,283 of this facility was used (2018: \$110,426). Variable interest rates apply to this overdraft facility.

16. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the company, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

<i>Name</i>		<i>Position</i>
James Ryan	Appointed 31/5/2013	Chairman
Thomas Neville	Appointed 31/08/2018	Non-Executive Director / Secretary
Louise Johnson	Appointed 11/6/2013	Non-Executive Director
David Brown	Appointed 15/10/2014	Non-Executive Director
Bill Hender	Appointed 05/12/2017	Non-Executive Director
Melody Mitton	Appointed 5/7/2016	Non-Executive Director
Geoff Watts	Appointed 03/04/2018	Non-Executive Director
Carmel King	Appointed 31/08/2018	Non-Executive Director
Nick Hunt	Appointed 31/08/2018	Non-Executive Director

Notes to the financial statements (continued)

16. Related parties (continued)

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

(d) Key Management Personnel Shareholdings

Number of ordinary shares held by key management personnel.

Directors		Balance at beginning of year	Purchased during the year	Other changes	Balance at end of year
James Ryan	Appointed 31/5/2013	1,051	-	-	1,051
Thomas Neville	Appointed 31/08/2018	-	-	-	-
Louise Johnson	Appointed 11/6/2013	10,001	-	-	10,001
David Brown	Appointed 15/10/2014	1,000	-	-	1,000
Bill Hender	Appointed 05/12/2017	500	-	-	500
Melody Mitton	Appointed 5/7/2016	550	-	-	550
Geoff Watts	Appointed 03/04/2018	550	-	-	550
Carmel King	Appointed 31/08/2018	-	-	-	-
Nick Hunt	Appointed 31/08/2018	-	-	-	-
		13,652	-	-	13,652

17. Events after the Statement of Financial Position date

There have been no matters or circumstances arisen since the end of the financial year that 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 subsequent financial years.

18. Contingent liabilities and assets

There were no contingent liabilities or contingent assets at the reporting date apart from the potential effects that may become payable as detailed below:

	2019	2018
	\$	\$
Tatiara District Council contributed 50% of the costs towards the feasibility study required by Bendigo and Adelaide Bank Ltd. A condition of this grant is that when the community bank achieves profitability it shall pay forward the amount of the grant to a council approved community project/s or event/s, as per the resolution as passed by the Council Members on 10 July 2012.	5,439	5,439

19. Operating segments

Types of products and services by segment

The company operates in the financial services sector as a branch of Bendigo and Adelaide Bank Limited in Keith and surrounding districts, South Australia.

Major Customers

The company operates under the terms of a franchise agreement with Bendigo and Adelaide Bank Limited, which accounts for all of the franchise margin income.

Notes to the financial statements (continued)

20. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the company during the year.

21. Economic Dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Keith, South Australia.

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

All deposits are made with Bendigo and Adelaide Bank Ltd, and all personal and investment products are products of Bendigo and Adelaide Bank Ltd, 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 Ltd, must be approved by Bendigo and Adelaide Bank Ltd. All credit transactions are made with Bendigo and Adelaide Bank Ltd, and all credit products are products of Bendigo and Adelaide Bank Ltd.

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

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

22. Company details

The registered office and principal place of business is: 28 Hender Street
Keith SA 5267

Notes to the financial statements (continued)

23. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and account payables. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2019 \$	2018 \$
Financial Assets			
Cash & cash equivalents	7	960	733
Trade and other receivables	8	51,220	41,126
Total Financial Assets		<u>52,180</u>	<u>41,859</u>
Financial Liabilities			
Trade and other payables	12	28,669	17,118
Bank overdraft	7	20,283	110,426
Total Financial Liabilities		<u>48,952</u>	<u>127,544</u>

Financial Risk Management Policies

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

Specific Financial Risk Exposure and Management

The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

(a) Credit Risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

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

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

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

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

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

	2019 \$	2018 \$
(a) Credit Risk (continued)		
Cash and cash equivalents:		
A rated	<u>960</u>	<u>733</u>

Notes to the financial statements (continued)

23. Financial risk management (continued)

(b) Liquidity risk

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

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

Financial liability and financial asset maturity analysis:

30 June 2019		Total	Within	1 to	Over
	Note	\$	1 year	5 years	5 years
			\$	\$	\$
Financial Liabilities due					
Trade and other payables	12	(28,669)	(28,669)	-	-
Bank overdraft	7	(20,283)	(20,283)	-	-
Total expected outflows		<u>(48,952)</u>	<u>(48,952)</u>	<u>-</u>	<u>-</u>
Financial Assets - realisable					
Cash & cash equivalents	7	960	960	-	-
Trade and other receivables	8	51,220	51,220	-	-
Total anticipated inflows		<u>52,180</u>	<u>52,180</u>	<u>-</u>	<u>-</u>
Net (Outflow)/Inflow on financial instruments		<u>101,132</u>	<u>101,132</u>	<u>-</u>	<u>-</u>
30 June 2018					
	Note	Total	Within	1 to	Over
		\$	1 year	5 years	5 years
			\$	\$	\$
Financial Liabilities due					
Trade and other payables	12	(17,118)	(17,118)	-	-
Bank overdraft	7	(110,426)	(110,426)	-	-
Total expected outflows		<u>(127,544)</u>	<u>(127,544)</u>	<u>-</u>	<u>-</u>
Financial Assets - realisable					
Cash & cash equivalents	7	733	733	-	-
Trade and other receivables	8	41,126	41,126	-	-
Total anticipated inflows		<u>41,859</u>	<u>41,859</u>	<u>-</u>	<u>-</u>
Net (Outflow)/Inflow on financial instruments		<u>169,403</u>	<u>169,403</u>	<u>-</u>	<u>-</u>

(c) Market risk

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

Notes to the financial statements (continued)

23. Financial risk management (continued)

(c) Market risk (continued)

Financial assets

	2019 \$		2018 \$	
Cash and cash equivalents (net of bank overdrafts)		-%		-%
Short-term investments:				
- held-to-maturity investments		-%		-%
Loans receivable		-%		-%

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$		Equity \$
Year ended 30 June 2019			
+/- 1% in interest rates (interest income)	-	-	-
Year ended 30 June 2018			
+/- 1% in interest rates (interest income)	-	-	-

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Capital management

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

Notes to the financial statements (continued)

23. Financial risk management (continued)

(d) Price risk (continued)

Capital management (continued)

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

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2019 can be seen in the statement of comprehensive income.

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

Directors' declaration

The Directors of the company declare that:

- 1 the accompanying financial statements and notes 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 as at 30 June 2019 and of the performance for the year then ended of the company;
- 2 the financial statements and notes thereto comply with International Financial Reporting Standards, as disclosed in Note 1; and
- 3 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.



James Ryan
Director

Dated this 28th day of September 2019

Independent audit report



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INDEPENDENT AUDITOR'S REPORT

To the Members of Good Country Financial Services Limited

Opinion

We have audited the financial report of Good Country Financial Services Limited (**Company**), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, 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 (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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Independent audit report (continued)



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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'David J Wall'.

D J WALL
Partner
RSM Australia Partners

Adelaide, South Australia
Date: 30 September 2019

Keith & Districts Community Bank Branch
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