

Annual Report 2020

Good Country Financial
Services Limited

Community Bank
Keith & Districts

ABN 86 164 061 143

Branch

**TATIARA
WORK CENTRE**

Solar Panels Project
proudly sponsored by....

Keith & Districts
Community Bank® Branch

Contents

Chairman’s report	2
Manager’s report	4
Bendigo and Adelaide Bank report	5
Directors’ report	6
Auditor’s independence declaration	9
Financial statements	10
Notes to the financial statements	14
Directors’ declaration	34
Independent audit report	35

Chairman's report

For year ending 30 June 2020

Six years of community banking in Keith has gone quickly, and we have again made great progress.

What a challenging year for the whole world and how lucky are we to live and operate our business in Keith, South Australia. While the Australian economy has been under great challenge this year our company Good Country Financial Services Limited has proved to be very resilient. Business growth has been meeting budgets and profits continue to grow.

The branch has however had to manage the changing rules around COVID-19. Putting in place two staff teams and managing much more work from home. Our branch had new rules around social distancing and hygiene but managed to keep operating successfully.

We have again provided grants and sponsorships of \$39,269 to clubs and groups throughout the Tatiara in line with our strategic plan. More excitingly we paid our first dividend to our shareholders, this was 1 cent plus a 1 cent bonus, being a total of 2 cents representing a 2 percent yield. This is a good solid return considering the current deposit rate is well below this. Paying a dividend has been a strong desire of the Board and we were very pleased to be able achieve this after our annual community contributions. Three years ago, this goal seemed impossible but a strong growth of all our products over the past couple of years has really changed our position. We can now report a healthy bank balance for the company, and it seems we will no longer require our overdraft facility that got us through the challenging times.

We enjoyed having another school-based trainee this year – Lara McLellan from Bordertown was placed with us this year. This provided her with a great experience and upskilled her enormously. Our school-based trainee program is something we are very proud of. Lara has continued as a member of our team since finishing her Certificate III in Business. We have changed this program to be an opportunity for a gap year student for next year, a great initiative provided by our local Community Bank.

This year has again seen an increase in foot traffic in the branch, with Fiona reporting her staff being very busy satisfying our customer requirements. Our Community Bank has grown its business portfolio to \$95 million this year thanks mainly to the growth of our rural banking and home loans. Your continued support and that of your family, friends and colleagues is greatly appreciated.

Tori Verco has taken on the role of Board Assistant and is proving to be a great resource for the Board and company. Thanks to Sherri Creighton for her role in the past couple of years.

Our Treasurer role is still being outsourced to Jason Seidel of Galpins Mt Gambier, providing us with good resources and professional advice.

The branch is planning some renovations to create another office space as the way we do business is changing and there is less contact at the tellers and more business is conducted one on one in the privacy of an office, we look forward to seeing some changes soon.

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 David Brown who is retiring at our AGM. 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.

Chairman's report (continued)

Another thank you again to our Branch Manager Fiona Wilkinson she has had another very successful year, one highlight being invited to present at the virtual State Conference about the success of our Keith branch in growing our Rural Bank book, leading the way in our state and nation. Thanks also to our staff who have had a challenging COVID-19 year but managed to carry on in a very professional manner.

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

A handwritten signature in black ink, appearing to read 'J. Ryan', with a long, sweeping horizontal line extending to the right.

James Ryan
Chairman

Manager's report

For year ending 30 June 2020

Our commitment is to support our community and even though the last half of the financial year has been challenging for us all, we have had great results for both our community and shareholders.

The financial contribution to our Community Grant Program has been increasing each year with the 2020 program running during August 2020 – later than previous years. This was partly due to COVID-19 restrictions and local groups in hiatus while we were all working through our social distancing and the rules and regulations. We still had the opportunity to sponsor four defibrillators with the recipients being Keith Golf Club, Keith Football Club trainers' trailer, Willalooka community and one defibrillator installed on the front of the branch on Hender Street to support the Keith community. This adds to the three defibrillators sponsored in previous years in Keith, Bordertown and Mundulla. We were also able to see the completion of projects from the 2019 Community Grant Program – which included kitchen renovations for the Keith Childcare Centre and solar panels for the Tatiara Work Centre in Bordertown. Sponsorships were also handed out to local groups to assist with running costs during COVID-19 as many clubs were down on memberships and fundraising events.

Our shareholders have benefited from the set up of our online share registry which coincided with our first shareholder dividend payment. An exciting milestone for us! The online platform provides easy access for shareholders to download information and update bank details for dividend payments, so if you are not yet using this, I would encourage you to register.

Strong rural banking support from our customers continues to give us a steady income and opportunities to expand the banking relationship with our rural clients with business and consumer products. We have also seen an increase in home loan lending – which supports the local market and increases our new to Bank customers. This is also an opportunity to further upskill our staff providing stronger career development pathways.

There were no changes to our staffing for the year with our school-based Trainee remaining on board past the twelve-month contract to enable us to switch the position to a full-time gap year student in 2021.

Finally, I would like to mention the local South East initiative of the collaboration of Community Banks and our community groups to produce a suite of commercials to showcase community banking. It was great fun for all involved and increases exposure for our groups – hopefully to encourage new members to these clubs. So, a big thank you to the groups who participated and to the Mount Gambier branch team who managed the process for us.

As always, I would like to thank the Directors, shareholders, customers and advocates of our Community Bank Keith & Districts for your ongoing support.



Fiona Wilkinson
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

Your Directors present their report, together with the financial statements of the company, for the year ended 30 June 2020.

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	Bachelor of Business	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 Ranger at NPWS. 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), Past Secretary of Field and Game Association, Member of the Real Estate Institute. Past member of Apex Club for 10 yrs.
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
Paul Smith Director since 13th November 2019	Roseworthy Diploma Agriculture Roseworthy Diploma Agricultural Technology	Former partner and director NAS Agribusiness Past member and secretary Tintinara Action Club Past secretary Naracoorte Football Club Past treasurer Keith Football Club

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

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

Directors' report (continued)

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 \$62,915

Dividends	Year Ended 30 June 2020	
	Cents Per Share	\$
Final dividends recommended:	2	17,399
Dividends paid in the year:		
- Final for the year	2	17,399

Financial position

The net assets were \$350,565 as at 30 June 2020 reflecting an increase in the cash balance.

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.

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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	8	3	3
Thomas Neville	11	8	9	9	-	-
Louise Johnson	11	9	-	-	-	-
David Brown	11	4	-	-	-	-
Bill Hender	11	6	-	-	3	3
Melody Mitton	11	9	-	-	-	-
Geoff Watts	11	7	-	-	-	-
Nick Hunt	11	8	9	6	-	-
Paul Smith	6	5	6	4	2	1

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 6 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 2020 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 6th October 2020.



James Ryan
Director

Dated this 6th day of October 2020

Auditor's independence declaration



RSM Australia Partners

Level 4, 191 Pulteney Street Adelaide SA 5000
GPO Box 973 Adelaide SA 5001

T +61 (0) 8 8232 3000
F +61 (0) 8 8223 3555

www.rsm.com.au

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 2020, 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: 6 October 2020

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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

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 2020

	Note	2020 \$	2019 \$
Revenue	2	626,040	578,119
Employee benefits expense	3	(323,536)	(292,839)
Depreciation and amortisation expense	3	(53,157)	(25,845)
Finance Costs	3	(6,372)	(2,637)
Professional fees		(21,577)	(7,568)
Marketing and promotional expense		(6,365)	(13,759)
Other expenses		<u>(97,315)</u>	<u>(119,221)</u>
Profit (Loss) before charitable donations & sponsorships		117,718	116,250
Charitable donations and sponsorship		<u>(38,320)</u>	<u>(20,375)</u>
Profit (Loss) before income tax		79,398	95,875
Income tax (expense)/benefit	4	<u>(16,483)</u>	<u>191,314</u>
Profit (Loss) for the year		62,915	287,189
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive Profit (loss) for the year attributable to members		<u><u>62,915</u></u>	<u><u>287,189</u></u>

The accompanying notes form part of these financial statements

Financial statements (continued)

Good Country Financial Services Limited
ABN 86 164 061 143
Statement of Financial Position
As at 30 June 2020

	Note	2020 \$	2019 \$
Current Assets			
Cash and cash equivalents	7	103,270	960
Trade and other receivables	8	46,811	51,220
Other current assets	9	5,459	3,668
Total Current Assets		<u>155,540</u>	<u>55,848</u>
Non-Current Assets			
Plant and equipment	10	79,550	101,750
Right of use asset	12	139,461	-
Intangible assets	11	56,983	71,848
Deferred tax assets	5	174,831	191,314
Total Non-Current Assets		<u>450,825</u>	<u>364,912</u>
Total Assets		<u>606,365</u>	<u>420,760</u>
Current Liabilities			
Trade and other payables	13	42,973	28,669
Borrowings - bank overdraft	7	-	20,283
Short term provisions	14	26,753	20,429
Lease liability	15	17,852	-
Total Current Liabilities		<u>87,578</u>	<u>69,381</u>
Non-Current Liabilities			
Trade and other payables	13	29,731	44,596
Long term provisions	14	10,410	-
Lease liability	15	128,081	-
Total Non-Current Liabilities		<u>168,222</u>	<u>44,596</u>
Total Liabilities		<u>255,800</u>	<u>113,977</u>
Net Assets		<u>350,565</u>	<u>306,783</u>
Equity			
Issued capital	16	869,959	869,959
Accumulated losses		(519,394)	(563,176)
Total Equity		<u>350,565</u>	<u>306,783</u>

The accompanying notes form part of these financial statements

Financial statements (continued)

Good Country Financial Services Limited
ABN 86 164 061 143
Statement of Changes in Equity
for the year ended 30 June 2020

		Share capital	Accumulated losses	Total
	Note	\$	\$	\$
Balance at 30 June 2018		869,959	(850,365)	19,594
Issue of share capital		-	-	-
Total comprehensive loss for the year		-	287,189	287,189
Subtotal		869,959	(563,176)	306,783
Dividends paid or provided for	22	-	-	-
Balance at 30 June 2019		869,959	(563,176)	306,783
Issue of share capital		-	-	-
Retrospective application of AASB 16		-	(1,734)	(1,734)
Total comprehensive profit for the year		-	62,915	62,915
Subtotal		869,959	(501,995)	367,964
Dividends paid or provided for	22	-	(17,399)	(17,399)
Balance at 30 June 2020		869,959	(519,394)	350,565

The accompanying notes form part of these financial statements

Financial statements (continued)

Good Country Financial Services Limited
ABN 86 164 061 143
Statement of Cash Flows
for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash Flows From Operating Activities			
Receipts from customers		630,448	561,217
Payments to suppliers and employees		(457,865)	(453,345)
Interest received		-	-
Interest paid		<u>(6,372)</u>	<u>(2,637)</u>
Net cash used in operating activities	17	<u>166,211</u>	<u>105,235</u>
Cash Flows From Investing Activities			
Payment for intangible assets		(14,865)	(14,865)
Purchase of property, plant and equipment		<u>-</u>	<u>-</u>
Net cash used in investing activities		<u>(14,865)</u>	<u>(14,865)</u>
Cash Flows From Financing Activities			
Lease payments		(11,354)	
Dividends paid		<u>(17,399)</u>	<u>-</u>
Net cash flows from/(used in) financing activities		<u>(28,753)</u>	<u>-</u>
Net increase / (decrease) in cash held		122,593	90,370
Cash and cash equivalents at beginning of financial year		<u>(19,323)</u>	<u>(109,693)</u>
Cash and cash equivalents at end of financial year	7	<u><u>103,270</u></u>	<u><u>(19,323)</u></u>

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2020

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 an unlisted 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 6th October 2020 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) Leases (as lessee)

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(e) Impairment of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(f) 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.

(g) 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.

(h) 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.

(i) 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.

(j) 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).

(k) 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.

(l) 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.

(m) 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)

(n) 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 changes 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 2020. 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 2020 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 for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, staffing and geographical location in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(o) 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.

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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

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

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 16 Leases

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

	01-Jul-19 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	196,720
Operating lease commitments discount based on the weighted average incremental borrowing rate of 4% (AASB 16)	(35,803)
Accumulated depreciation as at 1 July 2019 (AASB 16)	(5,364)
Right-of-use assets (AASB 16)	<u>155,553</u>
Lease liabilities - current (AASB 16)	(11,353)
Lease liabilities - non-current (AASB 16)	(145,934)
Tax effect on the above adjustments	<u>-</u>
Reduction in opening retained profits as at 1 July 2019	<u>(1,734)</u>

When adopting AASB 16 from 1 July 2019, the company has applied the following practical expedients:

- applying a single discount rate to the portfolio of leases with reasonably similar characteristics;
- accounting for leases with a remaining lease term of 12 months as at 1 July 2019 as short-term leases;
- excluding any initial direct costs from the measurement of right-of-use assets;
- using hindsight in determining the lease term when the contract contains options to extend or terminate the lease; and
- not applying AASB 16 to contracts that were not previously identified as containing a lease.

Notes to the financial statements (continued)

	2020 \$	2019 \$
2. Revenue		
Operating activities		
- Franchise margin income	604,632	578,119
- Other revenue	20,958	-
Total revenue from operating activities	<u>625,590</u>	<u>578,119</u>
Non-operating activities		
- interest received	-	-
- other revenue	450	-
Total revenue from non-operating activities	<u>450</u>	<u>-</u>
Total revenue from ordinary activities	<u>626,040</u>	<u>578,119</u>
3. Expenses		
Employee benefits expense		
- wages and salaries	261,201	251,775
- superannuation costs	24,838	24,026
- other costs	37,497	17,038
	<u>323,536</u>	<u>292,839</u>
Depreciation of non-current assets:		
- plant and equipment	-	-
- right-of-use asset	16,092	-
- buildings	22,200	22,200
Amortisation of non-current assets:		
- intangible assets	14,865	3,645
	<u>53,157</u>	<u>25,845</u>
Finance Costs:		
- Interest paid	6,372	2,637
Bad debts	16	154
4. Income tax		
(a) The components of tax expense comprise:		
Current Tax	-	-
Deferred Tax	16,483	(191,314)
	<u>16,483</u>	<u>(191,314)</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% (2019: 27.5%)	21,834	26,366
Add / (less) net tax effect of:		
- Other non-allowable items	11,947	14,002
- Other allowable items	(11,885)	(11,947)
- Prior year adjustment	-	-
- Tax losses utilised	(21,896)	-
- Deferred tax brought to account	-	(219,735)
Income tax attributable to company	<u>-</u>	<u>(191,314)</u>

Notes to the financial statements (continued)

5. Deferred Tax Asset

	2020	2019
	\$	\$
Opening balance of deferred tax asset	191,314	-
Credited to profit or loss	(16,483)	191,314
Closing balance of deferred tax asset	<u>174,831</u>	<u>191,314</u>

6. Auditors' remuneration

Remuneration of the auditors of the company		
- Audit services	7,777	5,277
- Other services	-	785
	<u>7,777</u>	<u>6,062</u>

7. Cash and cash equivalents

Cash at bank and in hand	<u>103,270</u>	<u>960</u>
--------------------------	----------------	------------

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	103,270	960
(Less) bank overdraft	-	(20,283)
As per the statement of cash flows	<u>103,270</u>	<u>(19,323)</u>

8. Trade and other receivables

Current

Trade receivables:		
Trade debtors	46,811	51,220
Total current receivables	<u>46,811</u>	<u>51,220</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.

Notes to the financial statements (continued)

9. Other assets	2020	2019
	\$	\$
Current		
Prepayments	5,459	3,668
Prepaid training costs	-	-
	<u>5,459</u>	<u>3,668</u>
10. Plant and equipment		
<i>Fit out costs</i>		
At cost	222,000	222,000
Less accumulated depreciation	(142,450)	(120,250)
	<u>79,550</u>	<u>101,750</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>79,550</u>	<u>101,750</u>
Movements in carrying amounts		
<i>Fit out costs</i>		
Carrying amount at beginning of period	101,750	123,950
Additions	-	-
Disposals	-	-
Depreciation expense	(22,200)	(22,200)
Carrying amount at end of period	<u>79,550</u>	<u>101,750</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	84,326
Accumulated amortisation	(27,343)	(12,478)
	<u>56,983</u>	<u>71,848</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.

Notes to the financial statements (continued)

12. Right of Use Assets

(i) AASB 16 related amounts recognised in the balance sheet

	2020 \$	2019 \$
Leased Building	160,917	-
Accumulated Depreciation	- 21,456	-
Total Right of Use Asset	<u>139,461</u>	<u>-</u>

Movement in carrying amounts

Lease Building

Carrying amount at beginning of year

Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)

Depreciation expense

Net carrying amount

-	155,553	-
- 16,092	<u>139,461</u>	<u>-</u>

(ii) AASB 16 related amounts recognised in the statement of profit or loss

Depreciation charge related to right-of-use assets

Interest expense on lease liabilities

Short-term leases expense

Low value asset leases expense

16,092	-
5,978	-
-	-
1,746	-

13. Trade and other payables

Current

Trade creditors

Other creditors and accruals

GST payable

10,167	-
18,812	18,547
13,994	10,122
<u>42,973</u>	<u>28,669</u>

Non-Current

Other creditors and accruals

29,731	44,596
<u>29,731</u>	<u>44,596</u>

Notes to the financial statements (continued)

	2020 \$	2019 \$
14. Employee Benefits		
Current		
Employee entitlements	<u>26,753</u>	<u>20,429</u>
Non-Current		
Employee entitlements	<u>10,410</u>	<u>-</u>
Number of employees at year end	8	7
15. Lease Liabilities		
Current		
Leased Building	<u>17,852</u>	<u>-</u>
	<u>17,852</u>	<u>-</u>
Non-Current		
Leased Building	<u>128,081</u>	<u>-</u>
	<u>128,081</u>	<u>-</u>
16. Equity		
869,959 fully paid ordinary shares	<u>869,959</u>	<u>869,959</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Notes to the financial statements (continued)

17. Statement of Cash Flows

	2020 \$	2019 \$
(a) Reconciliation of cash flow from operations with loss after tax		
Profit (Loss) after income tax	62,915	287,189
Non cash items included in profit		
- Depreciation	38,292	22,200
- Amortisation of franchise fee	14,865	3,645
Movement in assets and liabilities		
- (Increase) decrease in receivables / other assets	2,618	(9,120)
- (Increase) decrease in deferred tax asset	16,483	(191,314)
- (Increase) decrease in intangibles	14,865	(59,461)
- Increase (decrease) in payables	(561)	56,147
- Increase (decrease) in provisions	16,734	(4,051)
Net cash used in operating activities	<u>166,211</u>	<u>105,235</u>

(b) Credit standby arrangement and loan facilities

The company has put in place a bank overdraft facility amounting to \$100,000 (2019:\$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 2020, \$0 of this facility was used (2019: \$20,283). Variable interest rates apply to this overdraft facility.

18. 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.

Name	Position
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
Nick Hunt	Appointed 31/08/2018 Non-Executive Director
Paul Smith	Appointed 13/11/2019 Non-Executive Director

Notes to the financial statements (continued)

18. 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
Nick Hunt	Appointed 31/08/2018	-	-	-	-
Paul Smith	Appointed 13/11/2019	5,000	-	-	5,000
		18,652	-	-	18,652

19. Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the company up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

20. 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:

	2020 \$	2019 \$
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

21. 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)

22. Dividends paid or provided for on ordinary shares	2020	2019
	\$	\$
(a) Dividends proposed and recognised as a liability		
Franked dividends - nil cents per share (2019: nil cents)	-	-
(b) Dividends paid during the year		
(i) Current year interim		
Franked dividends - nil cents per share (2019: nil cents per share)	-	-
(ii) Previous year final		
Franked dividends - nil cents per share (2019: nil cents per share)	-	-
Unfranked dividends - 2 cents per share (2019: nil cents per share)	17,399	-
(c) Dividends proposed and not recognised as a liability		
Unfranked dividends - 2 cents per share (2019: nil cents per share)	17,399	-
Franked dividends - nil cents per share (2019: nil cents per share)	-	-
(d) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
- Franking account balance as at the end of the financial year	-	-
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	-	-
- Franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
- Franking credits that will arise from the payment of dividends recognised as receivables at the reporting date	-	-
- Franking credits that the entity may be prevented from distributing in the subsequent year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Notes to the financial statements (continued)

23. 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.

24. Company details

The registered office and principal place of business is:

28 Hender Street
Keith SA 5267

Notes to the financial statements (continued)

24. 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	2020 \$	2019 \$
Financial Assets			
Cash & cash equivalents	7	103,270	960
Trade and other receivables	8	46,811	51,220
Total Financial Assets		<u>150,081</u>	<u>52,180</u>
Financial Liabilities			
Trade and other payables	13	42,973	28,669
Bank overdraft	7	-	20,283
Total Financial Liabilities		<u>42,973</u>	<u>48,952</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.

	2020 \$	2019 \$
Cash and cash equivalents:		
A rated	<u>103,270</u>	<u>960</u>

Notes to the financial statements (continued)

24. 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 2020		Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
	Note				
Financial Liabilities due					
Trade and other payables	13	(42,973)	(42,973)	-	-
Bank overdraft	7	-	-	-	-
Total expected outflows		<u>(42,973)</u>	<u>(42,973)</u>	<u>-</u>	<u>-</u>
Financial Assets - realisable					
Cash & cash equivalents	7	103,270	103,270	-	-
Trade and other receivables	8	46,811	46,811	-	-
Total anticipated inflows		<u>150,081</u>	<u>150,081</u>	<u>-</u>	<u>-</u>
Net (Outflow)/Inflow on financial instruments		<u>107,108</u>	<u>107,108</u>	<u>-</u>	<u>-</u>
30 June 2019					
	Note				
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>3,228</u>	<u>3,228</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)

24. Financial risk management (continued)

(c) Market risk (continued)

Financial assets

	2020 \$	2019 \$
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 2020		
+/- 1% in interest rates (interest income)	-	-
Year ended 30 June 2019		
+/- 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)

24. 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 2020 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 2020 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 6th day of October 2020

Independent audit report



RSM Australia Partners

Level 4, 191 Pulteney Street Adelaide SA 5000
GPO Box 973 Adelaide SA 5001

T +61 (0) 8 8232 3000

F +61 (0) 8 8223 3555

www.rsm.com.au

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 2020, 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:

- (a) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) 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 2020, 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.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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



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 dark ink, appearing to read "David Wall".

David Wall
Partner
RSM Australia Partners

Adelaide, South Australia
Date: 13th October 2020

Community Bank - Keith & Districts
28 Hender Street, Keith SA 5267
Phone: 08 8755 1143
Email: keithmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/keith

Franchisee: Good Country Financial Services Limited
ABN: 86 164 061 143
28 Hender Street, Keith SA 5267
Phone: 08 8755 1143



/KeithDistrictCommunityBankBranch

This Annual Report has been printed on 100% Recycled Paper

