Annual Report 2020

Gosnells Financial Services Limited

Community Bank
Canning Vale

ABN 11 095 764 533

Contents

Chairman’s report

For year ending 30 June 2020

Overview

2019/20 has certainly been a year to remember. The word of choice, to describe the year is ‘unprecedented’, and the dictionary definition of that word is ‘never done or known before’. That has certainly been the case for Community Bank Canning Vale and for the community of Western Australia and Australia in general.

The Gosnells Financial Services Limited Directors and the staff in the bank do hope that all of you, especially our customers and shareholders are not finding these times too difficult. If you are having some difficulties that we may be able to help you with, please feel free to give the branch a call (9455 4650) and have a chat with one of our staff who would be only too happy to help.

The staff have been excellent serving our customers while coping with all the COVID-19 restrictions.

It is now two years since our move to Canning Vale and in spite of the pandemic that has gripped the country, we at the Community Bank are still moving forward as we had hoped to when we set out on this relocation. It was predicted that it would take us between three to five years to get into a profitable position and we believe we are on track for this.

The financial climate has become very competitive over these last few years and we have had to work hard to keep up with all the new regulations and the fast-moving digital world. At the branch, Michelle and staff have been doing an exceptional job in these areas and are continuing to grow the business. The Directors have been working hard as well, and one of the main things we have been able to do is reduce our expenses. We have streamlined certain areas of the business which we felt were unsustainable and these moves have greatly helped our profitability.

By the time this report is published we would also hope to be financially clear of any debt for our Gosnells location lease which has been a bit of a drain on our resources but now through some hard work by our Treasurer, Iggy Moro and our Company Secretary, Claire Hurst we should be free of that very soon.

Human resources

Gosnells Financial Services Limited is made up of a group of volunteers who have a desire to give back and benefit our community. We have a very good Board but because most of our Directors have full time careers there is always pressures on them, and because of this we are often saying goodbye to some very good people. This year is no different. We said goodbye to Kate Vivian who was promoted to a senior position in her job and had to stand down from the Board. She has been greatly missed. John Heath was not with us very long. His work increased so much that he had to say goodbye, again the difficulties that we all face.

We decided as a Board that we needed to re-evaluate our Director recruitment process and also to be more focussed on the skills needed on the Board. This in no ways reflects on previous Boards but does reflect on the rapid change in the financial industry and the fact that we are not a little ‘Mum and Dad’ bank but are part of the fifth largest banking group in Australia which operates in all levels of financial banking , from personal loans and mortgages, to small and large businesses’ financial needs .

We have just interviewed three potentially new Directors who we believe fit the criteria we are looking for. They will be provisional Directors for three months, then we will have a review. We think this process is more in line with the way Community Banking is developing.

The new potential Directors are Viet Le, Steve Mitchinson and Terry Finlayson. The three current Observers have already settled into the swing of things and have been good contributors at our meetings.

Future direction

I have already spoken about how we believe the Bank is developing and some of the plans we have for the future. We are the only bank in our area and our aim is to be the bank of choice for our community and beyond. This is where we need your help. Can you keep on promoting the Community Bank Canning Vale to all your family and friends?

Community

We are continuing to sponsor clubs and events in our community in spite of all the restrictions that have been on us for most of the year.

This year we have been able to provide sponsorships to many community not-for-profits. Please see below for some of our major sponsorships:

- Canning Vale Senior and Junior Football Clubs
- Gosnells Bowling Club - Kookaburra Classic Competition
- Hope for Her - helping disadvantaged women and girls
- Two student scholarship awards.

Can I finish this report, by thanking everyone who has supported the Community Bank Canning Vale – thank you for your business that keeps us going, thank you for your constant encouragement of the staff and the Board which is so uplifting, and thank you for following the guidelines given by the staff, keeping them safe.

We would just ask you all to keep yourself safe and follow the COVID-19 guidelines so that we can celebrate another year together in 2021.

All the best

Raymond Norvill
Chairman

Manager's report

For year ending 30 June 2020

Our Community Bank has truly settled into our second year of trading at the Vale Shopping Centre. Whilst we are the only bank within the vicinity, this is definitely an advantage to us. We continue to grow our business with many new faces walking into the branch to open up accounts, refinance loans and basically wanting to find out more about the fifth largest retail Bank in Australia.

Whilst it has been a very strange part of the year for us with COVID-19, banking is classed as an 'essential service' so we were still open for business. Foot traffic did decrease for a period of some months, however we still maintained contact with many of our customers during 'lock down' just to make sure that they were OK and to let them know we were there to help. It was certainly a different way of doing business with social distancing, where we were limited to the number of people allowed in the branch, and to this day the social distancing guidelines still applies.

The new branch is very customer friendly with an 'open plan' set up which gives us a better connection with our customers to have relative conversations in a user friendly environment.

During the year we had one resignation from long standing staff member Rachael Wall who had been in the Bank for more than eight years. It was very sad to see Rachael leave and I must say a hard decision for Rachael to make. Her children are quite young and Rachael wanted to spend more time with them and just be a 'Mum' with the focus on her family.

Our branch now consists of a small but dynamic team of Mat Nott, Julia English, Alex Cutting and myself. I would like to acknowledge the efforts of my staff throughout the year. It certainly has been crazy times but we have all stuck together and worked extremely well as a team to support one another and still focus on what's important to us. Our customers, shareholders, growth of the business and much more. They have given 100% as has our Directors who volunteer so much of their time, so I thank everyone for their continued focus on the business.

Results for the financial year were encouraging, however below expected budget set. With an overall growth target in place of $10 million, some factors contributing to this was large loan pay out via business banking, funds withdrawn from financial markets and people paying down debt. Plus some slow months hit with COVID-19.

In saying that we all did the very best we could over this busy timeframe.

Overall we achieved 93.70% of budget which was an improvement on the previous year .

Total	Budget $	Actual $	Budget %
Loans	34,755,242	27,462,334	79%
Deposits	64,203,257	66,656,602	103.8%
Total Footings	98,958,499	94,118,937	95.1%
Other Business	12,698,523	10,539,202	83%
All Business	111,657,022	104,658,139	93.7%

The branch has an overall total business portfolio of $104,658,139.

Our branch has 4,983 customers holding 7,002 various products and services.

Our focus continues around growing our lending book, so staff continually holds discussions with customers regarding their financial position and whether they are open to having a full financial review completed by me. Insurance is also another area of focus along with growing our customer base.

One way to continue to grow our business is to reach out to our Shareholders and customers for help to bring in new business into the branch. A simple introduction to a community group or an individual that they have connections with. Every new customer that does business with us means that there is more money available to be paid in 'community contribution' and in dividends.

The branch currently has a lot of involvement with clubs, schools and not-for-profit organisations via sponsorships and grants. Imagine if individuals within these clubs, schools and not-for-profit organisations also banked with us, opened up accounts, had a mortgage with us, insurances, credit cards... this would mean that our branch would have so much more extra funds to give back to those same not-for-profits. It's a win-win situation.

The fact that our business partner Bendigo Bank is Australia's fifth largest retail bank and the Community Bank concept is unique to our local communities gives us a huge advantage compared to other majors in the market.

The difference with the Community Bank model is that the bank in genuinely owned by the community. Our aim is to give back as much funds as possible to not-for-profit organisations and we succeed when customers bank with the local branch.

Our staff and Directors have a very close working relationship with Bendigo and Adelaide Bank Limited and a lot of support is available for us. The Bank is always looking at new campaigns to assist the branch network in obtaining new business. Lending is a big focus and priority for the Bank to grow their business. This is where a majority of our income is made.

Finally, a big thank you to our shareholders and customers – without you we do not have a business. Thank you all for your support and we look forward to seeing you in the new branch.

For those shareholders that currently do not bank with us, I encourage you to drop in to the branch located at Shop 2, The Vale Shopping Centre (opposite Woolworths), Canning Vale or give us a call on 9455 4650. Sit down and have a chat with the staff or myself. This is your business and I would hate if you are missing out on something special.

Michelle Lennox,
Branch Manager
Community Bank Canning Vale

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

Mark Cunneen

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

The directors present their financial statements of the company for the financial year ended 30 June 2020.

Directors

The directors of the company who held office during or since the end of the financial year are:

Raymond Norvill
Chairman, Non-executive director
Occupation: Retired
Qualifications, experience and expertise: Raymond is married with two daughters and seven grandchildren. He has lived in the Gosnells community for twelve years. He is a pastor of "The Village Christian Fellowship" Amaroo. Raymond is a former Chair of Gosnells YouthCARE district council. Raymond is the Chair of Choose Respect Inc., a not-for-profit company that helps people relate to one another with a language of mutual respect. He is also Chairman of the Kenwick School Council and a Board Member of the Southern Districts Support Association.
Special responsibilities: Chairman
Interest in shares: nil share interest held

Ignazio Rocco Moro
Non-executive director
Occupation: Chartered Accountant and Business Advisor
Qualifications, experience and expertise: Iggy is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ), a Chartered Tax Advisor of the Tax Institute of Australia, a CA SMSF Specialist and a Director with Walker Wayland WA. Walker Wayland WA is full-service accounting firm specialising in business growth, profit improvement and maximising overall business performance. Iggy has been in public practice since 1992 and advises clients in tax, business advisory and SMSF. He assists clients achieve their business, financial and personal goals from start-ups, SMEs and multi-national businesses from a wide range of industries. Iggy is a member (and former Chair) of the Walker Wayland Australasia Superannuation Group and current committee member for CAANZ on the National Superannuation Advisory Committee and the WA Public Practice Advisory Committee.
Iggy holds a Bachelor of Business Degree from Edith Cowan University and a Diploma of Financial Planning through CAANZ and Kaplan. Over the years, Iggy has also been a Focus Session Facilitator and Exam Marker for the CAANZ CA Program as well as workshop facilitator for Tax at UWA Business School. He has also volunteered time and resources for various committees and not-for-profits including former Treasurer and Committee Member of Mazenod Old Boys Association, former Treasurer and Chair of St Jude's Catholic Primary School and a committee member of the Finance Committee for Catholic Education WA.
Special responsibilities: Treasurer, Audit & Compliance Committee
Interest in shares: nil share interest held

Pamela Govender
Non-executive director
Occupation: Skill Hire-Instructional designer
Qualifications, experience and expertise: MBA, Belle of the Ball initiative, Restore a Smile Inc.
Special responsibilities: Nil
Interest in shares: nil share interest held

Teresa Anne Lynes
Non-executive director
Occupation: Business Partner Team Renov8
Qualifications, experience and expertise: Business Owner/Partner Team Renov8 (Renovations business), Deputy Mayor - City of Gosnells, Vice President - Australian Local Government Women's Association WA Branch, Thornlie Senior High School Board Member (Chairperson), Rivers Regional Councillor, Municipal Waste Advisory Council, Diploma of Local Government.
Special responsibilities: Audit Committee member - city of Gosnells
Interest in shares: nil share interest held

Directors *(continued)*

Daniel Stephen Newman
Non-executive director (appointed 26 August 2019)
Occupation: Public Relations Manager
Qualifications, experience and expertise: Daniel holds a Bachelor of Commerce from the University of Notre Dame Fremantle and have been working in communications and public affairs roles for 9 years. He has experience in both public and private sector including roles in Sponsorship and Marketing. Daniel is a Justice of the Peace and regularly preside over the Central Law Courts' Traffic Court. He has a strong connection to his the local community having spent almost 20 years volunteering with St John Ambulance and three years as a volunteer Fire Fighter in Gosnells.
Special responsibilities: Marketing and Sponsorship Committee
Interest in shares: nil share interest held

John Heath
Non-executive director (appointed 26 August 2019 and resigned 9 June 2020)
Occupation: Business Owner
Qualifications, experience and expertise: John is a family man who has a love for community. He is actively involved in Hockey WA and most recently Southern River Hockey Club. He runs his own building and construction business, however his passion is assisting the community and his family.
Special responsibilities: Nil
Interest in shares: nil share interest held

Kate Leonie Vivian
Non-executive director (resigned 4 November 2019)
Occupation: Police Officer
Qualifications, experience and expertise: HR Planning, Equity and Policy, Masters of Arts (Public Sector Leadership), Diploma of Major Crash Investigations and is a graduate of the Australian Institute of Company Director's Course.
Special responsibilities: Nil
Interest in shares: nil share interest held

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

No directors have material interest in contracts or proposed contracts with the company.

Key Management Personal

Michelle Lennox
Occupation: Bank Manager
Qualifications, experience and expertise: Branch Manager of Gosnells Community Bank since July 2004. Michelle holds a very unique and privileged position of also having been a Director of Gosnells Financial Services Ltd from 2006 to 2014. Michelle also holds a certificate 111 in Financial Services and has completed many courses throughout her Banking career. Born and bred in the small country town of Northampton WA, where she lived for 17 years with her parents, Michelle is very familiar with Community involvement and the importance of supporting the people within that Community. From the age of 16, Michelle has been employed in various areas and departments within the banking industry. To Michelle banking is just one part of her role and the most exciting part is her involvement within the Community in which she lives and works. To see Community groups prosper from our sponsorships and assistance is the best possible reward she feels she could ever ask for.

Company Secretary

The company secretary is Claire Hurst. Claire was appointed to the position of secretary on 23 July 2018.

Qualifications, experience and expertise: Claire is the Local Connection Coordinator with Bendigo Bank, Company Secretary and Community Liaison Administrator with Gosnells Financial Services LTD. Claire had 10 years' experience with Bendigo Bank including Community Bank roles and Bendigo Bank roles including a 6 month secondment with Community Sector Banking. Her expertise are in administration, recruitment and marketing.

Corporate Governance

The Directors have a strong commitment to good corporate governance. Their guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly in accordance with the law in the interest of investors and other stakeholders.

Audit and Governance

Gosnells Financial Services Limited has established an Audit and Governance Committee. The members of the committee are:

Raymond Norvill
Ignazio Rocco Moro
Claire Hurst (Company Secretary, Non-Director)

The primary function of the committee is to assist the Board in fulfilling its oversight responsibilities by reviewing:

- The financial information of the Company;
- The systems of internal control (governance) which management and the Board have established;
- The overall audit process of the Company;
- Regulatory obligations of the Company and compliance with these requirements;
- The systems of risk management which management and the Board have established.

In addition to the above, the Company has also implemented other corporate governance practices which include Director approval of operating budgets and monitoring of progress against these budgets, Ongoing Director training and monthly Director meetings to discuss performance and strategic plans.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

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

Operating results

Operations have continued to perform in line with expectations. The loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2020 $	Year ended 30 June 2019 $
(137,092)	(115,386)

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Raymond Norvill	-	-	-
Ignazio Rocco Moro	-	-	-
Pamela Govender	-	-	-
Teresa Anne Lynes	-	-	-
Daniel Stephen Newman	-	-	-
John Heath	-	-	-
Kate Leonie Vivian	-	-	-

No debentures or rights have been granted or options over such instruments in previous financial years or during the current financial year.

Dividends

No dividends were declared or paid for the previous financial year and the directors recommend that no dividend be paid in the current financial year.

New Accounting Standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: *Leases* (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases.* See note 4 for further details.

Significant changes in the state of affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The relief support and uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

Since the end of the financial year, a liability of $14,723 has arisen in relation to the surrender of the lease at 2227 Albany Highway, Gosnells. This amount has not been accounted for in the finanical statements for the financial year ended 30 June 2020, and will be recognised in the subsequent financial statements.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company the results of those operations or the state of affairs of the company, in future years.

Likely developments

The company will continue its policy of facilitating banking services to the community.

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 29 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the financial year were:

	Board Meetings Attended	
	E	*A*
Raymond Norvill	11	11
Ignazio Rocco Moro	11	11
Pamela Govender *	11	5
Teresa Anne Lynes	11	8
Daniel Stephen Newman	9	8
John Heath	5	2
Kate Leonie Vivian	4	2

E - eligible to attend
A - number attended
** Leave of absence from March to May 2020*

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 28 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Audit and Governance Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Governance Committee to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants,* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

Signed in accordance with a resolution of the directors at Gosnells, Western Australia.

Raymond Norvill, Chairman

Dated this 22nd day of September 2020

Auditor's independence declaration

Partners in success

Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Gosnells Financial Services Limited

As lead auditor for the audit of Gosnells Financial Services Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 22 September 2020

Joshua Griffin
Lead Auditor

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Financial statements

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

	Notes	2020 $	2019 $
Revenue from contracts with customers	8	619,404	682,293
Other revenue	9	92,923	43,113
Finance income	10	3,082	8,508
Employee benefit expenses	11d)	(437,616)	(452,075)
Charitable donations, sponsorship, advertising and promotion		(30,573)	(43,584)
Occupancy and associated costs		(67,922)	(191,759)
Systems costs		(40,902)	(32,931)
Depreciation and amortisation expense	11a)	(84,263)	(24,339)
Finance costs	11b)	(30,226)	(23)
General administration expenses		(120,144)	(151,249)
Other expenses	11f)	(98,917)	-
Loss before income tax credit		(195,154)	(162,046)
Income tax credit	12a)	58,062	46,660
Loss after income tax credit		(137,092)	(115,386)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(137,092)	(115,386)
Earnings per share		¢	¢
- Basic and diluted loss per share:	31a)	(23.15)	(19.48)

The accompanying notes form part of these financial statements

Statement of Financial Position
as at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	172,845	342,813
Trade and other receivables	15a)	52,763	60,692
Other investments	14a)	84,120	138,960
Total current assets		309,728	542,465
Non-current assets			
Property, plant and equipment	16a)	14,684	16,623
Right-of-use assets	17a)	409,031	-
Intangible assets	18a)	17,329	28,445
Deferred tax asset	19a)	230,754	143,576
Total non-current assets		671,798	188,644
Total assets		981,526	731,109
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	34,196	42,802
Lease liabilities	21b)	43,399	-
Employee benefits	23a)	64,923	61,569
Total current liabilities		142,518	104,371
Non-current liabilities			
Trade and other payables	20b)	-	13,017
Lease liabilities	21c)	414,720	-
Employee benefits	23b)	6,800	3,811
Provisions	22a)	21,428	-
Total non-current liabilities		442,948	16,828
Total liabilities		585,466	121,199
Net assets		396,060	609,910
EQUITY			
Issued capital	24a)	588,400	588,400
Retained earnings/(accumulated losses)	25	(192,340)	21,510
Total equity		396,060	609,910

The accompanying notes form part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2020

	Notes	Issued capital $	Retained earnings/ (accumulated losses) $	Total equity $
Balance at 1 July 2018		588,400	136,896	725,296
Total comprehensive income for the year		-	(115,386)	(115,386)
Balance at 30 June 2019		**588,400**	**21,510**	**609,910**
Balance at 1 July 2019		588,400	21,510	609,910
Effect of AASB 16: Leases	3d)	-	(76,758)	(76,758)
Restated balance at 1 July 2019		588,400	(55,248)	533,152
Total comprehensive income for the year		-	(137,092)	(137,092)
Balance at 30 June 2020		**588,400**	**(192,340)**	**396,060**

The accompanying notes form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		774,379	788,740
Payments to suppliers and employees		(749,187)	(965,057)
Interest received		5,584	10,526
Interest paid		(30)	(23)
Lease payments (interest component)	11b)	(29,074)	-
Lease payments not included in the measurement of lease liabilities	11e)	(15,961)	-
Dividends received		7,920	-
Net cash used in operating activities	26	(6,369)	(165,814)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,590)	(7,512)
Payments for intangible assets		(11,834)	(12,909)
Net cash used in investing activities		(13,424)	(20,421)
Cash flows from financing activities			
Lease payments (principal component)	21a)	(150,175)	-
Dividends paid	30	-	(90)
Net cash used in financing activities		(150,175)	(90)
Net cash decrease in cash held		(169,968)	(186,325)
Cash and cash equivalents at the beginning of the financial year		342,813	529,138
Cash and cash equivalents at the end of the financial year	13a)	172,845	342,813

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2020

Note 1 Reporting entity

This is the financial report for Gosnells Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
Shop 2, The Vale Shopping Centre 271 Amherst Road Canning Vale WA 6155	Shop 2, The Vale Shopping Centre 271 Amherst Road Canning Vale WA 6155

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

Note 2 Basis of preparation and statement of compliance

Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 22 September 2020.

Note 3 Changes in accounting policies, standards and interpretations

The company initially applied AASB 16 *Leases* from 1 July 2019. AASB Interpretation 23 *Uncertainty over Income Tax Treatments* is also effective from 1 July 2019 but is not expected to have a material impact on the company's financial statements. The company's existing policy for uncertain income tax treatments is consistent with the requirements in Interpretation 23.

The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

a) Definition of a lease

Previously, the company determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 *Determining whether an Arrangement contains a Lease.* The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4.

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Note 3 Changes in accounting policies, standards and interpretations *(continued)*

b) As a lessee

As a lessee, the company leases many assets including property, motor vehicles, office equipment and IT equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases (i.e. these leases are on balance sheet).

Leases classified as operating leases under AASB 117

Previously, the company classified property, office equipment, and IT equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. The practical expedients include:

- did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term on contracts that have options to extend or terminate.

c) As a lessor

The company is not a party in an arrangement where it is a lessor. The company is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor.

Note 3	Changes in accounting policies, standards and interpretations *(continued)*

d) Impact on financial statements

On transition to AASB 16, the company recognised additional right-of-use assets, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

Impact on equity presented as increase (decrease)	Note	1 July 2019 $
Asset		
Right-of-use assets - land and buildings	17b)	517,283
Deferred tax asset	19a)	29,116
Liability		
Lease liabilities	21a)	(602,851)
Provision for make-good	22b)	(20,306)
Equity		
Retained earnings/(accumulated losses)		(76,758)

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 5.39%.

Lease liabilities reconciliation on transition

Operating lease disclosure as at June 2019	444,504
Add: additional options now expected to be exercised	380,683
Add: remeasurement adjustment	13,763
Less: additional options now not expected to be exercised	(97,140)
Less: present value discounting	(138,959)
Lease liability as at 1 July 2019	602,851

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

a) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo Bank for a deposit,
- *minus* any costs of funds i.e. interest applied by to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue recognition policy
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Note 4 Summary of significant accounting policies *(continued)*

b) Other revenue *(continued)*

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash flow boost

During the financial year, in response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The company 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 on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

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

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Note 4 Summary of significant accounting policies *(continued)*

c) Economic dependency - Bendigo Bank *(continued)*

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank 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 and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- 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
- sales techniques and proper customer relations.

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimate future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

Note 4 Summary of significant accounting policies *(continued)*

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

Current income tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on the company either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Note 4 Summary of significant accounting policies *(continued)*

e) Taxes *(continued)*

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or 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 revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

g) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Leasehold improvements	Straight-line	5 to 15 years
Plant and equipment	Straight-line and diminishing value	2. 5 to 40 years
Furniture, fixtures and fittings	Diminishing value	4 to 40 years

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

Note 4 Summary of significant accounting policies *(continued)*

h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, leases, equity securities (shares, managed funds, ETFs).

Sub-note i) and j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition and initial measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Note 4 Summary of significant accounting policies *(continued)*

i) Financial instruments *(continued)*

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. The election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - subsequent measurement and gains and losses

- Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Note 4 Summary of significant accounting policies *(continued)*

i) Financial instruments *(continued)*

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

j) Impairment

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

- financial assets that are measured at FVTOCI;
- lease receivables;
- loan commitments that are not measured at FVTPL; and
- financial guarantee contracts that are not measured at FVTPL.

Loss allowance is not recognised for:

- financial assets measured at FVTPL; or
- equity instruments measured at FVTOCI.

ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime ECL at all times.

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (ie diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Note 4 Summary of significant accounting policies *(continued)*

j) Impairment *(continued)*

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The directors have assessed the ECL and noted it is not material.

Non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

k) Issued capital

Ordinary shares

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to its/their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

m) Leases

The company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The details of accounting policies under AASB 117 and Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

Note 4 Summary of significant accounting policies *(continued)*

m) Leases *(continued)*

Policy applicable from 1 July 2019 (continued)

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the group is reasonably certain to exercise that option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is lease that, at commencement date, has a lease term of 12 months or less.

Note 4 Summary of significant accounting policies *(continued)*

m) Leases *(continued)*

Policy applicable from 1 July 2019 (continued)

As a lessor

The company is not a party in an arrangement where it is a lessor.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

The company has not been a party in an arrangement where it is a lessor.

Note 4 Summary of significant accounting policies *(continued)*

n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the company uses valuation techniques that maximise the use of relevant observable inputs and maximise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

o) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019, however the changes are not expected to have a significant impact on the company's financial statements.

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Note 5 Significant accounting judgements, estimates, and assumptions *(continued)*

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
- Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;
- Note 21 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: - the amount; - the lease term; - economic environment; and - other relevant factors.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- Note 8 - revenue recognition	estimate of expected returns;
- Note 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 27 - fair value	determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
- Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 23 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 5 Significant accounting judgements, estimates, and assumptions *(continued)*

c) Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognises transfers between levels of the fair value hierarchy at the end of each reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 27 - financial instruments;
- Note 14 - other investments

Note 6 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

Risk management is carried out directly by the board of directors.

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, and arises principally from the company's receivables from customers.

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank.

Note 6 Financial risk management *(continued)*

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	458,119	67,044	286,531	210,869
Trade payables	5,444	5,444	-	-
	463,563	72,488	286,531	210,869

30 June 2019

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Trade payables	2,804	2,804	-	-
	2,804	2,804	-	-

c) Market risk

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

The company is exposed to equity securities price risk as it holds investments for sale or at fair value. The company is not exposed to commodity price risk.

Note 6 Financial risk management *(continued)*

c) Market risk *(continued)*

Sensitivity analysis - equity price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX).

	Profit or loss		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
30 June 2020:				
Equity securities	8,412	(8,412)	-	-
	8,412	(8,412)	-	-

	Profit or loss		Equity, net of tax	
	10% increase	10% decrease	10% increase	10% decrease
30 June 2019:				
Equity securities	13,896	(13,896)	-	-
	13,896	(13,896)	-	-

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

The company held cash and cash equivalents of $172,845 at 30 June 2020 (2019: $342,813). The cash and cash equivalents are held with BEN, which are rated BBB on Standard & Poor's credit ratings.

Note 7 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 distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

The distribution limit is the greater of:

(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where 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 profit or loss and other comprehensive Income.

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

Note 8 Revenue from contracts with customers

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

Revenue from contracts with customers	2020 $	2019 $
Revenue:		
- Revenue from contracts with customers	619,404	682,293
	619,404	682,293

Disaggregation of revenue from contracts with customers

At a point in time:		
- Margin income	500,289	555,021
- Fee income	62,075	67,619
- Commission income	57,040	59,653
	619,404	682,293

There was no revenue from contracts with customers recognised over time during the financial year.

Note 9 Other revenue

The company generates other sources of revenue from dividends and distributions of financial instruments discretionary contributions received from the franchisor and cash flow boost from the Australian Government.

Other revenue	2020 $	2019 $
Revenue:		
- Dividend and distribution income	7,920	8,400
- Market development fund income	27,500	25,833
- Cash flow boost	57,503	-
- At FVTPL - equity instruments	-	8,880
	92,923	43,113

Note 10 Finance income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

Finance income	2020 $	2019 $
At amortised cost:		
- Term deposits	3,082	8,508
	3,082	8,508

Note 11 Expenses

a) Depreciation and amortisation expense

	2020 $	2019 $
Depreciation of non-current assets:		
- Leasehold improvements	342	180
- Plant and equipment	655	523
- Furniture and fittings	2,532	10,600
	3,529	11,303
Depreciation of right-of-use assets		
- Leased land and buildings	69,618	-
	69,618	-
Amortisation of intangible assets:		
- Franchise fee	11,116	13,036
	11,116	13,036
Total depreciation and amortisation expense	84,263	24,339

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4f and 4g).

b) Finance costs

	Note	2020 $	2019 $
Finance costs:			
- Lease interest expense	21a)	29,074	-
- Unwinding of make-good provision		1,122	-
- Other		30	23
		30,226	23

Finance costs are recognised as expenses when incurred using the effective interest rate.

c) Impairment loss on trade receivables and contract assets

The franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. Due to the reliance on Bendigo Bank the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo Bank receivable as at 30 June 2020.

d) Employee benefit expenses

	2020 $	2019 $
Wages and salaries	373,187	398,323
Contributions to defined contribution plans	42,114	41,372
Expenses related to long service leave	1,464	(13,938)
Other expenses	20,851	26,318
	437,616	452,075

Note 11 Expenses *(continued)*

e) Recognition exemption

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2020 $	2019 $
Expenses relating to low-value leases	15,961	-
	15,961	-

Expenses relating to leases exempt from recognition are included in systems costs.

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition.

f) Other expenses

	2020 $	2019 $
- Loss on disposal of right-of-use assets	44,077	-
- At FVTPL - equity instruments	54,840	-
	98,917	-

Loss on disposal of right-of-use assets - As at 1 July 2019, under AASB 16, the company brought to account the applicable lease liability and right of use asset under their property lease agreements at the time. As at 30 June 2020 one of the lease agreements was paid out. To recognise this, the lease liability and right of use asset are reduced by their balance as at the payout date and the difference is recognsied through the loss on disposal of right-of-use assets account.

At FVTPL - equity instruments - This amount reflects the decrease in the market value of the equity instruments held as at 30 June 2020.

Note 12 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss

	2020 $	2019 $
Current tax expense/(credit)		
- Future income tax benefit attributable to losses	(59,233)	(52,943)
- Movement in deferred tax	(41,258)	6,534
- Adjustment to deferred tax on AASB 16 retrospective application	29,116	-
- Reduction in company tax rate	13,313	-
- Changes in estimates related to prior years	-	(251)
	(58,062)	(46,660)

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of $13,313 related to the remeasurement of deferred tax assets and liabilities of the company.

Note 12 Income tax expense *(continued)*

b) *Prima facie* income tax reconciliation	2020 $	2019 $
Operating loss before taxation	(195,154)	(162,046)
Prima facie tax on loss from ordinary activities at 27.5% (2019: 27.5%)	(53,667)	(44,563)
Tax effect of:		
- Non-deductible expenses	567	1,754
- Other deductible expenses	-	(3,600)
- Temporary differences	8,748	(6,534)
- Other assessable income	(14,881)	-
- Movement in deferred tax	(41,258)	6,534
- Reduction in company tax rate	13,313	-
- Leases initial recognition	29,116	-
- Under/(over) provision of income tax in the prior year	-	(251)
	(58,062)	(46,660)

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020 $	2019 $
- Cash at bank and on hand	60,816	56,368
- Term deposits	112,029	286,445
	172,845	342,813

Note 14 Other investments

a) Current investments	2020 $	2019 $
Equity securities - at FVTPL	84,120	138,960
	84,120	138,960

Note 15 Trade and other receivables

a) Current assets	2020 $	2019 $
Trade receivables	45,292	52,263
Prepayments	7,079	5,535
Other receivables and accruals	392	2,894
	52,763	60,692

Note 16 Property, plant and equipment

a) Carrying amounts

	2020 $	2019 $
Leasehold improvements		
At cost	3,421	31,740
Less: accumulated depreciation	(522)	(28,499)
	2,899	3,241
Plant and equipment		
At cost	13,080	11,490
Less: accumulated depreciation	(10,396)	(9,741)
	2,684	1,749
Furniture and fittings		
At cost	19,557	254,906
Less: accumulated depreciation	(10,456)	(243,273)
	9,101	11,633
Total written down amount	14,684	16,623

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

b) Reconciliation of carrying amounts

	2020 $	2019 $
Leasehold improvements		
Carrying amount at beginning	3,241	-
Additions	-	3,421
Depreciation	(342)	(180)
Carrying amount at end	2,899	3,241
Plant and equipment		
Carrying amount at beginning	1,749	2,272
Additions	1,590	-
Depreciation	(655)	(523)
Carrying amount at end	2,684	1,749
Furniture and fittings		
Carrying amount at beginning	11,633	18,142
Additions	-	4,091
Depreciation	(2,532)	(10,600)
Carrying amount at end	9,101	11,633
Total written down amount	14,684	16,623

Note 16 Property, plant and equipment *(continued)*

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

Note 17 Right-of-use assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

a) Carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
At cost		586,870	-
Less: accumulated depreciation		(177,839)	-
		409,031	-

b) Reconciliation of carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
Carrying amount at beginning		-	-
Initial recognition on transition	3d)	1,074,873	-
Accumulated depreciation on adoption	3d)	(557,590)	-
Remeasurement adjustments		5,443	-
Disposals		(44,077)	-
Depreciation		(69,618)	-
Carrying amount at end		409,031	-

Note 18 Intangible assets

a) Carrying amounts

	2020 $	2019 $
Franchise fee		
At cost	61,519	61,519
Less: accumulated amortisation	(44,190)	(33,074)
Total written down amount	17,329	28,445

Note 18 Intangible assets *(continued)*

b) Reconciliation of carrying amounts

	2020 $	2019 $
Franchise fee		
Carrying amount at beginning	28,445	41,481
Amortisation	(11,116)	(13,036)
Carrying amount at end	17,329	28,445
Total written down amount	17,329	28,445

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods.

There were no changes in estimates for the current reporting period.

Note 19 Tax assets and liabilities

a) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019	Recognised in profit or loss	Recognised in equity	30 June 2020
Deferred tax assets	$	$	$	$
- expense accruals	37	466	-	503
- employee provisions	17,980	1,106	-	19,086
- make-good provision	-	(13)	5,584	5,571
- lease liability	-	(46,673)	165,784	119,111
- investments market value unrealised loss	-	2,840	-	2,840
- carried-forward tax losses	138,433	51,660	-	190,093
Total deferred tax assets	156,450	9,386	171,368	337,204
Deferred tax liabilities				
- income accruals	797	(695)	-	102
- right-of-use assets	-	(35,905)	142,253	106,348
- unrealised gain on shares	12,077	(12,077)	-	-
Total deferred tax liabilities	12,874	(48,677)	142,253	106,450
Net deferred tax assets (liabilities)	143,576	58,063	29,116	230,754

Note 19 Tax assets and liabilities *(continued)*

a) Deferred tax *(continued)*

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2018	Recognised in profit or loss	Recognised in equity	30 June 2019
Deferred tax assets	$	$	$	$
- expense accruals	37	-	-	37
- employee provisions	22,626	(4,646)	-	17,980
- carried-forward tax losses	85,239	53,194	-	138,433
Total deferred tax assets	107,902	48,548	-	156,450
Deferred tax liabilities				
- income accruals	1,351	(554)	-	797
- unrealised gain on shares	9,635	2,442	-	12,077
Total deferred tax liabilities	10,986	1,888	-	12,874
Net deferred tax assets (liabilities)	96,916	46,660	-	143,576

b) Uncertainty over income tax treatments

As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 20 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities

	2020 $	2019 $
Trade creditors	5,444	2,804
Other creditors and accruals	28,752	39,998
	34,196	42,802

b) Non-current liabilities

Other creditors and accruals	-	13,017
	-	13,017

Note 21 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5.39%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight where appropriate.

Lease portfolio

Prior to 30 June 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The company's lease portfolio includes:

- Canning Vale Branch — The lease agreement is a non-cancellable lease with an initial term of one year which commenced in March 2017. An extension option term of five years was exercised in March 2018. The lease has one further five year extension option available. The company is reasonably certain to exercise the final five-year lease term.
- Gosnells Branch — The lease agreement is a non-cancellable lease with an initial term of five years which commenced in October 2001. An extension option term of five years was exercised in October 2007, October 2011 and October 2016. The lease has one further five year extension options available. The company paid out the current lease term to October 2021 and will not be exercising the final five year extension.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

a) Lease liability measurement

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

Lease liabilities on transition	Note	2020 $	2019 $
Initial recognition on AASB 16 transition	3d)	602,851	-
Remeasurement adjustments		5,443	-
Lease payments - interest		29,074	-
Lease payments		(179,249)	-
		458,119	-

b) Current lease liabilities

		2020 $	2019 $
Property lease liabilities		67,044	-
Unexpired interest		(23,645)	-
		43,399	-

Note 21 Lease liabilities *(continued)*

c) Non-current lease liabilities

	2020 $	2019 $
Property lease liabilities	497,400	-
Unexpired interest	(82,680)	-
	414,720	-

d) Maturity analysis

	2020 $	2019 $
- Not later than 12 months	67,044	-
- Between 12 months and 5 years	286,531	-
- Greater than 5 years	210,869	-
Total undiscounted lease payments	564,444	-
Unexpired interest	(106,325)	-
Present value of lease liabilities	458,119	-

e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is an increase in profit after tax of $69,712.

Profit or loss - increase (decrease) in expenses	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
- Occupancy and associated costs	179,249	(179,249)	-
- Depreciation and amortisation expense	-	69,618	69,618
- Finance costs	-	30,196	30,196
- Other expenses	-	-	44,077
Decrease in expenses - before tax	179,249	(79,435)	143,891
- Income tax expense / (credit) - current	(49,293)	49,293	-
- Income tax expense / (credit) - deferred	-	(39,570)	(39,570)
Decrease in expenses - after tax	129,956	(69,712)	104,321

Note 22 Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

a) Non-current liabilities

	2020 $	2019 $
Make-good on leased premises	21,428	-
	21,428	-

Note 22 Provisions *(continued)*

b) Make-good provision

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term.

The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process.

Provision	Note	2020 $	2019 $
Face-value of make-good costs recognised	3d)	32,360	-
Present value discounting	3d)	(12,054)	-
Present value unwinding		1,122	-
		21,428	-

c) Changes in estimates

During the financial year, the company re-assessed the lease agreement with respect to the make-good and restoration clauses. The estimated costs were revised with respect to an analysis of restoration costs of bank branches completed by Bendigo Bank's property team. The provision was previously assessed as nil or immaterial with no provision recognised in the accounts.

The lease is due to expire on 29 February 2028 at which time it is expected the face-value costs to restore the premises will fall due.

The financial effect of the reassessment, assuming no changes in the above judgements and estimates, on actual and expected finance costs and provisions was as follows:

Profit or loss	2020	2021	2022	2023	2024+
Expense:					
- Finance costs	1,122	1,184	1,249	1,318	7,180
Statement of financial position					
Liability:					
- Make-good provision	21,428	22,612	23,861	25,180	32,360

Note 23 Employee benefits

a) Current liabilities

	2020 $	2019 $
Provision for annual leave	39,684	34,805
Provision for long service leave	25,239	26,764
	64,923	61,569

b) Non-current liabilities

	2020 $	2019 $
Provision for long service leave	6,800	3,811
	6,800	3,811

Note 23 Employee benefits *(continued)*

c) Key judgement and assumptions

Employee attrition rates

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Note 24 Issued capital

a) Issued capital	2020 Number	2020 $	2019 Number	2019 $
Ordinary shares - fully paid	592,180	592,180	592,180	592,180
Less: equity raising costs	-	(3,780)	-	(3,780)
	592,180	588,400	592,180	588,400

b) Rights attached to issued capital

Ordinary shares

Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community bank branch have the same ability to influence the operation of the company.

Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Note 24 Issued capital *(continued)*

b) Rights attached to issued capital *(continued)*

Ordinary shares (continued)

Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001.*

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 25 Retained earnings (accumulated losses)

	Note	2020 $	2019 $
Balance at beginning of reporting period		21,510	136,896
Adjustment for transition to AASB 16	3d)	(76,758)	-
Net loss after tax from ordinary activities		(137,092)	(115,386)
Balance at end of reporting period		(192,340)	21,510

Note 26 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Net loss after tax from ordinary activities	(137,092)	(115,386)
Adjustments for:		
- Depreciation	73,147	11,303
- Amortisation	11,116	13,036
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	54,840	(8,880)
- (Profit)/loss on disposal of ROU assets	44,077	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	7,929	8,256
- (Increase)/decrease in other assets	(58,062)	(46,660)
- Increase/(decrease) in trade and other payables	(9,789)	(10,586)
- Increase/(decrease) in employee benefits	6,343	(16,897)
- Increase/(decrease) in provisions	1,122	-
Net cash flows used in operating activities	(6,369)	(165,814)

Note 27 Financial instruments - fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Accounting classifications and fair values for the year ended 30 June 2020:

		Carrying amount			Fair value		
	Note	FVTPL	At amortised cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value:							
Equity securities	14	84,120	-	84,134	84,134	-	84,134
		84,120	-	84,134	84,134	-	84,134
Financial assets not measured at fair value:							
Trade and other receivables	15	-	45,292	45,307	-	-	-
Cash and cash	13	-	60,816	60,829	-	-	-
Term deposits	14	-	112,029	112,043	-	-	-
		-	218,137	218,179	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	20	-	5,444	5,464	-	-	-
		-	5,444	5,464	-	-	-

Note 27 Financial instruments - fair value *(continued)*

Accounting classifications and fair values for the year ended 30 June 2019:

		Carrying amount			Fair value		
	Note	FVTPL	At amortised cost	Total	Level 1	Level 2	Total
Financial assets measured at fair value:							
Equity securities	14	138,960	-	138,974	138,974	-	138,974
		138,960	-	138,974	138,974	-	138,974
Financial assets not measured at fair value:							
Trade and other receivables	15	-	52,263	52,278	-	-	-
Cash and cash	13	-	56,368	56,381	-	-	-
Term deposits	14	-	286,445	286,459	-	-	-
		-	395,076	395,118	-	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	20	-	2,804	2,824	-	-	-
		-	2,804	2,824	-	-	-

Valuation techniques and significant unobservable inputs

There were no Level 2 or Level 3 classifications held during the relevant financial years.

Transfers between Levels 1 and 2

There were no transfers between Level 1 and Level 2 during the financial year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the financial year.

Note 28 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.	2020 $	2019 $
Audit and review services		
- Audit and review of financial statements	4,800	4,600
	4,800	4,600
Non audit services		
- Taxation advice and tax compliance services	600	600
- General advisory services	3,160	2,520
	3,760	3,120
Total auditor's remuneration	8,560	7,720

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Raymond Norvill
Ignazio Rocco Moro
Kate Leonie Vivian
Pamela Govender
Teresa Anne Lynes
John Heath
Daniel Stephen Newman

b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

c) Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties	2020 $	2019 $
- Iggy Moro's business, Walker Wayland (WA) Pty Ltd, of which Iggy is a 1/3 owner, was engaged to provide bookkeeping, finance and corporate services. The total benefit received was:	15,636	12,833
- Kate Vivian was reimbursed for miscellaneous goods. The total benefit received was:	175	180
- Terresa Lynes' business, Team Renov8, was engaged to de-fit the branch premises at Gosnells prior to her appointment as a director. The total benefit received was:	-	12,060
- Daniel Newman was reimbursed for meetings. The total benefit received was:	105	-
Total transactions with related parties	15,916	25,073

Note 30 Franking account

a) Franking account balance	2020 $	2019 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	246,784	246,784
Franking transactions during the financial year:		
- Franking credits from franked distributions received	3,394	-
Franking account balance at the end of the financial year	250,178	246,784
Franking transactions that will arise subsequent to the financial year end:		
Franking credits available for future reporting periods	250,178	246,784

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 31 Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2020 $	2019 $
Loss attributable to ordinary shareholders	(137,092)	(115,386)
	Number	Number
Weighted-average number of ordinary shares	592,180	592,180
	Cents	Cents
Basic and diluted loss per share	(23.15)	(19.48)

Note 32 Commitments

a) Lease commitments

Following the adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can be found in 'Lease liabilities' (Note 21).

Operating lease commitments - lessee	2020	2019
Non-cancellable operating leases contracted for but not capitalised in the financial statements	$	$
Payable - minimum lease payments:		
- not later than 12 months	-	144,080
- between 12 months and 5 years	-	300,424
Minimum lease payments payable	-	444,504

b) Other commitments

The company has no other commitments contracted for which would be provided for in future reporting periods.

Note 33 Contingencies

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

Note 34 Subsequent events

Since the end of the financial year, a liability of $14,723 has arisen in relation to the surrender of the lease at 2227 Albany Highway, Gosnells. This amount has not been accounted for in the finanical statements for the financial year ended 30 June 2020, and will be recognised in the subsequent financial statements.

There have been no other significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Directors' declaration

In accordance with a resolution of the directors of Gosnells Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001* , including:

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

   (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) 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.

Raymond Norvill, Chairman

Dated this 22nd day of September 2020

Independent audit report

AFS
Partners in success
Chartered Accountants

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Independent auditor's report to the members of Gosnells Financial Services Limited

Report on the audit of the financial report

Our opinion
In our opinion, the accompanying financial report of Gosnells Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

What we have audited
Gosnells Financial Services Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of financial position
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

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.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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 *APE*S 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information
The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

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The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

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

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

Auditor's responsibility 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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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/home.aspx. This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 22 September 2020

Joshua Griffin
Lead Auditor

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Canning-Vale-Community-Bank-Branch

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Bendigo Bank

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