Annual Report 2020

Gympie & District
Financial Services Limited

Community Bank
Gympie & District

ABN 79 113 293 173

Contents

Chairman's report

For year ending 30 June 2020

It is my pleasure to present this report on matters related to the Gympie & District Financial Services Limited (G&DFSL) and its performance for the year ended 30 June 2020 – to our shareholders, my fellow Board members and our partners.

Our branch has continued to play a vital role in the community, working with Bendigo Bank to ensure a continuation of services to customers. Our staff are an integral part of this service and they continue to act as responsible members of the community, attending events at various schools and community events.

Our Branch Manager Mick McCarthy retired in September 2019 after 10 years. We thank Mick for his tireless efforts and leadership. We welcomed Trevor Goddard in December 2019, our new Branch Manager. Trevor comes from a strong banking background. Trevor has been on extended sick leave since February 2020 and we are most thankful that Andrea Raynel has stepped into the role of Acting Branch Manager during this time.

The Board approved and distributed payment of a dividend of 5 cents per share in February 2020. I would like to acknowledge the work done by Rens Poels as Treasurer/Secretary, who takes on this task and performs it admirably.

We had our 15th birthday in June, but due to COVID-19 there was no celebration this year.

Sponsorship applications rolled in during March, however many of the events and programs planned for these approved monies have now been transferred to 2021. Our Board is quite flexible and will continue to support these approved applications for next year. Community organisations will not have to re-apply.

Our community support has now gone past $500,000 over the past 15 years. Quite a worthy achievement!

I take this opportunity to thank each Board Director for their contribution, attendance and support throughout the year. Your volunteer hours are truly appreciated.

On behalf of the Board and staff I would like to thank all our shareholders for your support, for without you we would not be here. We look forward to your continuing support to ensure that we can continue to grow and return profits to you and the community.

Rae A Gâté

Rae Gâté
Chairperson

Financial year	Community contributions $
2005/06	1,060
2006/07	1,500
2007/08	2,566
2008/09	5,444
2009/10	7,150
2010/11	9,700
2011/12	33,868
2012/13	44,050
2013/14	38,985
2014/15	66,760
2015/16	50,630
2016/17	52,035
2017/18	49,326
2018/19	69,471
2019/20	85,081
Totals	**517,626**

Financial year	Dividends to shareholders	
	Cents per share	Total dividends $
2010/11	2.5	20,000
2011/12	5.0	40,000
2012/13	7.5	60,000
2013/14	6.0	48,000
2014/15	6.0	48,000
2015/16	5.0	40,000
2016/17	5.0	40,000
2017/18	5.0	40,000
2018/19	5.0	40,000
2019/20	5.0	40,000
	Totals	**416,000**

Manager's report

For year ending 30 June 2020

I am pleased to report to the Board and shareholders on another year of successful trading for Community Bank Gympie & District.

The branch has experienced sound growth this financial year. Our account numbers have grown to 4,456 and total business growth of approximately $10 million, to $93 million in deposits and loans held.

It has also been a very challenging year. During the second half, COVID-19 has severely affected the whole world, and will continue to change the way things are done in the future. Fortunately, so far Gympie has escaped the brunt of infections and shutdowns, but still has had many job losses and business downturns.

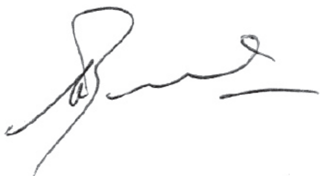
Within the branch itself we have had some changes. Our Manager of 10 years, Mick McCarthy retired in September 2019. His replacement Trevor Goddard commenced in December 2019 but unfortunately has been off ill since February 2020. We are hopeful that he will be able to return to the role in 2021. I have stepped into the role of Acting Manager during these absences and the rest of the staff have all stepped up to cover the shortfall. I would like to thank Doret, Kassandra, Jo, and Sandie. Their assistance and moral support have been invaluable. I also thank them for their dedication and professionalism which has ensured that the branch continues to prosper.

The branch also has had a change in opening hours. We are now open from 9.30am – 5.00pm Monday – Friday. This has ensured that we are able to keep up with staff training, meetings, paperwork etc with minimal inconvenience for our branch customers.

The next year will no doubt bring its own challenges, with ongoing COVID-19 restrictions and the onset of a possible recession. We are fortunate to be an essential service and have a sound reputation in a very competitive market. The branch has had a good start to achieving our targets for the new financial year and we will be working hard to have this continue. The benefit of growing our business leads to increased profit, which in turn leads to continuing dividends to shareholders, and increased community contribution support.

The branch has now contributed over $500,000 to the community. These contributions have supported diverse areas – the arts, sporting clubs, education, scholarships, children's health, road safety and many more worthwhile organisations. I would like to thank all the members of the Gympie & District Financial Services Limited Board for their ongoing dedication and hard work, as none of this would be possible without them.

Our branch continues to welcome new and existing customers through all our banking avenues, and we endeavour to provide the best service and support for all your total banking requirements.



Andrea Raynel
Acting Branch Manager

Directors' report

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

Directors

The following persons were Directors of Gympie & District Financial Services Limited during or since the end of the financial year up to the date of this report:

Directors **Details**

Rae Gâté	
Position	Director Since 2007. Chairperson appointed 6 December 2017.
Professional qualifications	Assoc. Dip. Business, Dip.Local Government Admin, Cert 4 Training & Assessment.
Experience and expertise	Treasurer Community Action Inc Board, Treasurer Gympie Community Place Committee, Vice President Gympie & District Women's Health Committee, Treasurer Weeroona Assoc Inc

Rens Poels	
Position	Director and Treasurer since 2005. Appointed Company Secretary 5 December 2018
Professional qualifications	Retired Computer Engineer
Experience and expertise	Qualified Electrical Mechanic, Dip. Electrical Engineering, Volunteerd with SES and RFS. Responsibilities: Marketing, Governance/Audit, Share Listing (LVM) Administrator, Scholarship Administrator

Sean Connelly	
Position	Director since 2014, Deputy Chair
Professional qualifications	Community Development Worker, Dip Business, Dip Management, Dip Vocations Education & Training,
Experience and expertise	Current Board Committee Member Cooloola Aboriginal Services Inc. Gympie NAIDOC Committee, Gympie Relay for Life. Responsibilities: Human Resources, Sponsorship Business Development & Public Relations.

Elaine Thomson	
Position	Director since 2005.
Professional qualifications	Retired School Teacher and Shop Owner
Experience and expertise	Board member of Gympie Community Gardens Inc. Treasurer of Gympie Family History Society Inc. Responsibilities: Marketing, Sponsorship Business Development & Public Relations.

Prue McLeod (Previous Prue Sheehan)	
Position	Director since 2014
Professional qualifications	Artist/Ceramicist, School Teacher, Bachelor of Visual Arts, Graduate Diploma of Education, Cert IV
Experience and expertise	Volunteer for Neighbourhood Watch and Local Church. Past member of Qld Potters Association.

Paul Blackburn	
Position	Director, appointed 2 May 2018
Professional qualifications	Diploma's in Business, Policing, Occupational Health & Safety, Risk Management & Security.
Experience and expertise	Numerous Management roles in Government & Private Sector, past and present member of a number of Community Group Committees.

Debra Cook	
Position	Director, appointecd 3 April 2019
Professional qualifications	Tertiary Qualification Industrial Chemistry at QUT; 10+ years in Science Education; 8 years Qld Gov.
Experience and expertise	10 years small business owner/operator in retail to science & medical education sectors. Founding Director of the Gympie Bone Museum; Lifelong Volunteer.

Alana Grogan	
Position	Appointed as Director October 2019. Resigned as Director on 6 May 2020
Professional qualifications	Third-year student at the USC, studying a Bachelor of Business. Bachelor of Business (Management)
Experience and expertise	Active volunteer for National Breast Cancer Foundation - Mother's Day Classic and Pink! Triathlon. Secretary for Gympie South Primary P&C Association

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit Committee meetings	
Director	**A**	**B**	**A**	**B**
Rae Gâté	11	9	3	3
Rens Poels	11	10	4	4
Sean Connelly	11	10	2	2
Elaine Thomson	11	9	1	1
Prue McLeod (Previous Prue Sheehan)	11	8	3	3
Paul Blackburn	11	4	N/A	N/A
Debra Cook	11	10	N/A	N/A
Alana Grogan	9	6	N/A	N/A

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Company Secretary

Rens Poels has been the Company Secretary of Gympie & District Financial Services Limited since 2018. Rens Poels's qualifications and experience include being Treasurer since inception and performing some secretarial activities since 2005.

Principal activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of operations

The profit of the company for the financial year after provision for income tax was $96,119 (2019 profit: $44,285), which is a 117% increase as compared with the previous year.

The increase is due to an improvement in the bank's gross margin and trailer produce commission as well as receipt of the Federal Government's Cashflow Boost payment.

New Accounting Standards Implemented

The Company has implemented a new accounting standard that is applicable for the current reporting period.

AASB 16: *Leases* has been applied retrospectively using the modified cumulative approach, with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases*.

COVID-19 Impact on Operations

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary interventions to stabilise economic conditions.

The Company has determined that these events have not required any specific adjustments within the financial report. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as any impact on the financial position and results of the Company for future periods.

Dividends

An unfranked dividend of 5.0 cents per share was declared and paid during the year for the year ended 30 June 2020. An unfranked dividend of 5.0 cents per share was also paid in the year ended 30 June 2019.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 7 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Gymie on 7 September 2020.

Rens Poels
Director

Auditor's independence declaration

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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Gympie & District Financial Services Limited

In accordance with Section 307C of the *Corporations Act 2001,* I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

P. P. Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 10 September 2020

Financial statements

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

	Note	2020 $	2019 $
Revenue	2	683,203	613,070
Expenses			
Employee benefits expense	3	(318,777)	(323,537)
Depreciation and amortisation	3	(53,607)	(23,826)
Bad and doubtful debts expense	3	(1,146)	(315)
Administration and general costs		(35,082)	(31,779)
Occupancy expenses		(820)	(32,197)
IT expenses		(17,385)	(17,673)
Advertising and marketing		(3,172)	(2,968)
ATM expenses		(6,818)	(11,273)
Community grants		(15,454)	(13,545)
Other expenses		(43,516)	(39,256)
		(495,777)	(496,369)
Operating profit before charitable donations and sponsorship		**187,426**	**116,701**
Charitable donations and sponsorship		(62,877)	(55,655)
Profit before income tax		**124,549**	**61,046**
Income tax expense	4	(28,430)	(16,761)
Profit for the year after income tax		**96,119**	**44,285**
Other comprehensive income		-	-
Total comprehensive income for the year		**96,119**	**44,285**
Profit attributable to members of the company		96,119	44,285
Total comprehensive income attributable to members of the company		**96,119**	**44,285**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	16	12.01	5.54

The accompanying notes form part of these financial statements

Statement of Financial Position
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	228,261	144,115
Trade and other receivables	6	41,983	47,526
Total current assets		**270,244**	**191,641**
Non-current assets			
Property, plant and equipment	7	97,791	66,398
Intangible assets	8	51,865	-
Deferred tax assets	4	20,951	49,381
Total non-current assets		**170,607**	**115,779**
Total assets		**440,851**	**307,420**
Liabilities			
Current liabilities			
Trade and other payables	10	23,597	27,997
Leases	11	31,590	-
Provisions	12	37,524	48,697
Total current liabilities		**92,711**	**76,694**
Non-current liabilities			
Trade and other payables	10	51,865	-
Leases	11	8,126	-
Provisions	12	3,680	2,375
Total non-current liabilities		**63,671**	**2,375**
Total liabilities		**156,382**	**79,069**
Net assets		**284,469**	**228,351**
Equity			
Issued capital	13	800,010	800,010
Accumulated losses	14	(515,541)	(571,659)
Total equity		**284,469**	**228,351**

The accompanying notes form part of these financial statements

Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019 (reported)		**800,010**	**(571,659)**	**228,351**
Balance at 1 July 2019 (restated)		**800,010**	**(571,659)**	**228,351**
Comprehensive income for the year				
Profit for the year		-	96,119	96,119
		-	**96,119**	**96,119**
Transactions with owners in their capacity as owners				
Dividends paid or provided	15	-	(40,001)	(40,001)
Balance at 30 June 2020		**800,010**	**(515,541)**	**284,469**
Balance at 1 July 2018 (reported)		**800,010**	**(575,943)**	**224,067**
Balance at 1 July 2018 (restated)		**800,010**	**(575,943)**	**224,067**
Comprehensive income for the year				
Profit for the year		-	44,285	44,285
		-	**44,285**	44,285
Transactions with owners in their capacity as owners				
Dividends paid or provided	15	-	(40,001)	(40,001)
Balance at 30 June 2019		**800,010**	**(571,659)**	**228,351**

The accompanying notes form part of these financial statements

Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		754,507	667,115
Payments to suppliers and employees		(584,107)	(580,362)
Interest paid		(2,529)	
Interest received		1,560	1,508
Net cash flows provided by operating activities	17b	**169,431**	**88,261**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,113)	-
Purchase of intangible assets		(12,966)	(13,611)
Net cash flows used in investing activities		**(15,079)**	**(13,611)**
Cash flows from financing activities			
Repayment of lease liabilities		(30,205)	-
Dividends paid		(40,001)	(40,000)
Net cash flows used in financing activities		**(70,206)**	**(40,000)**
Net increase in cash held		**84,146**	**34,650**
Cash and cash equivalents at beginning of financial year		144,115	109,465
Cash and cash equivalents at end of financial year	17a	**228,261**	**144,115**

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2020

These financial statements and notes represent those of Gympie & District Financial Services Limited (the Company) as an individual entity.

Gympie & District Financial Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 7 September 2020.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Economic dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at Gympie.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The Company manages the Community Bank branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

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

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

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Employee benefits provision

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

Income tax

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

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

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

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2019. Note that the changes in accounting policies specified below **ONLY** apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

AASB 16 *Leases* became mandatorily effective on 1 January 2019. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 16 *Leases*

AASB 16 Leases replaces AASB 117 Leases and three associated Interpretations. The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated, as permitted under the specific transition provisions in the standard.

For contracts in place at the date of initial application, as permitted under the specific transition provisions in the standard, the Company has elected to apply the definition of a lease from AASB 117 and relevant associated interpretations, and has not applied AASB 16 to arrangements that were previously not identified as a lease under AASB 117 and associated interpretations. This means that any contracts that were deemed to not contain a lease under AASB 117 have not been reassessed under AASB 16.

1. Summary of significant accounting policies (continued)

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

The Company has also elected to not include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. Furthermore, at this date, the Company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value-assets (less than $10,000) the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.5%.

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

	$
Total operating lease commitments disclosed at 30 June 2019	64,394
Other minor adjustments relating to commitment disclosures	9,257
Operating lease liabilities before discounting	**73,651**
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	69,921

	$
Lease liability as at 1 July 2019	69,921
Represented by:	
Current lease liabilities	27,633
Non-current lease liabilities	42,288
	69,921

Adjustments recognised in the balance sheet on 1 July 2019

1. Summary of significant accounting policies (continued)

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

The recognised right-of-use assets relate to the following types of assets:

	30 June 2020	1 July 2019
	$	$
Properties		
Lease of premises	39,716	69,921
Total right-of-use assets	**39,716**	**69,921**

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

Balance sheet item	**Effect**	**Amount**
		$
Property, plant and equipment	Increase	69,921
Lease liabilities	Increase	69,921

Accounting policy applicable from 1 July 2019

The Company as a lessee

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

(g) Change in accounting policies

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

1. Summary of significant accounting policies (continued)

(g) Change in accounting policies (continued)

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Accounting policy applicable before 1 July 2019

The Company as a lessee

Finance leases

Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

See the accounting policy note in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Impact of standards issued but not yet applied by the entity

AASB 17 Insurance Contracts

AASB 17 was issued in July 2017 as replacement for AASB 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under AASB 9.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. As the company does not issue any insurance contracts or investment contracts with discretionary participation features, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

AASB 1059 Service Concession Arrangements: Grantors

The standard applies to both not-for-profit and for-profit public sector entities that are grantors in a service concession arrangement. These are arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector entity for a specified period of time and managing at least some of those services.

As the company is not a grantor in a service concession arrangement, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

2. Revenue

	2020 $	2019 $
Revenue		
- service commissions	660,576	611,562
	660,576	611,562
Other revenue		
- interest received	1,560	1,508
- other revenue	21,067	-
	22,627	1,508
Total revenue	**683,203**	**613,070**

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

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

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

Rendering of services
As detailed in the franchise agreement, companies earn three types of revenue - margin, commission and fee income. Bendigo and Adelaide Bank Limited decide the method of calculation of revenue the company earns on different types of products and services and this is dependent on the type of business the company generates also taking into account other factors including economic conditions, including interest rates.

Core Banking Products
Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given. The core banking products, as at the end of the financial year included: business and personal banking services.

Margin
Margin is earned on all core banking products. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin. Margin is determined by taking the interest paid by customers on loans less interest paid to customers on deposits, plus any deposit returns, i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit, minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Commission
Commission is a fee earned on products and services sold. Depending on the product or services, it may be paid on the initial sale or on an ongoing basis.

Fee Income
Fee income is a share of 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank Limited, including fees for loan applications and account transactions.

2. Revenue (continued)

Discretionary Financial Contributions
Bendigo and Adelaide Bank Limited has made discretionary financial payments to the company, outside of the franchise agreement and in addition to margin, commission and fee income. This income received by the company is classified as "Market Development Fund" (MDF) income. The purpose of these payments is to assist the company with local market development activities, however, it is for the board to decide how to use the MDF. Due to their discretionary nature, Bendigo and Adelaide Bank Limited may change or stop these payments at any time.

Form and Amount of Financial Return
The franchise agreement stipulates that Bendigo and Adelaide Bank Limited may change the form, method of calculation or amount of financial return the company receives. The reasons behind making a change may include, but not limited to, changes in Bendigo and Adelaide Bank Limited's revenue streams/processes; economic factors or industry changes.

Bendigo and Adelaide Bank Limited may make any of the following changes to form, method of calculation or amount of financial returns:

- A change to the products and services identified as 'core banking products and services'
- A change as to whether it pays the company margin, commission or fee income on any product or service.
- A change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.

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

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

a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;

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

3. Expenses

	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	266,897	275,709
- superannuation costs	49,518	46,755
- other costs	2,362	1,073
	318,777	323,537
Depreciation and amortisation		
Depreciation		
- leasehold improvements	9,006	9,006
- plant and equipment	559	1,209
- depreciation of right of use leased property plant and equipment	31,076	-
	40,641	10,215

3. Expenses (continued)

	2020 $	2019 $
Amortisation		
- franchise fees	12,966	13,611
Total depreciation and amortisation	53,607	23,826
Bad and doubtful debts expenses	1,146	315
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	5,250	5,180
	5,250	5,180

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

The depreciable amount of all fixed assets, including capitalised leased assets, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	*Rate*	*Method*
Leasehold improvements	2.5 - 5%	Straight line
Plant and equipment	2.5 - 50%	Straight line
Franchise Fee	20%	Straight line
Right of Use Asset	44%	Straight line

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains/losses upon disposal of non-current assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

4. Income tax

	2020 $	2019 $
a. The components of tax expense comprise:		
Current tax expense	25,820	-
Deferred tax expense	28,458	16,788
Recoupment of prior year tax losses	(25,820)	-
Under / (over) provision of prior years	(28)	(27)
	28,430	**16,761**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2019: 27.5%)	34,251	16,788
Add tax effect of:		
- Under / (over) provision of prior years	(28)	-
- Non taxable cashflow boost	(5,793)	-
Income tax attributable to the entity	**28,430**	**16,788**
The applicable weighted average effective tax rate is:	22.83%	27.46%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	-	-
Current tax	25,820	18,249
Recoupment of prior year tax losses	(25,820)	(18,249)
	-	-
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Accruals	4,596	4,761
Employee provisions	11,331	14,044
ROU asstes and lease liabilities from AASB 16	240	-
Unused tax losses	4,784	30,576
	20,951	**49,381**
Deferred tax liabilities comprise:		
Accrued income	-	-
Property, plant & equipment	-	-
	-	-
Net deferred tax asset	**20,951**	**49,381**
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	28,486	16,761
Under / (over) provision prior years	(28)	-

4. Income tax (continued)

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

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities/assets are measured at the amounts expected to be paid to/recovered from the relevant taxation authority.

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

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

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

5. Cash and cash equivalents

	2020	2019
	$	$
Cash at bank and on hand	105,304	62,718
Short-term bank deposits	122,957	81,397
	228,261	144,115

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less.

The effective interest rate on short-term bank deposits was 0.8% (2019: 2%); these deposits have an average maturity of 90 days.

6. Trade and other receivables

	2020	2019
	$	$
Current		
Trade receivables	35,372	47,526
Other receivables	6,611	-
	41,983	47,526

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited 14 days post month end, there is no items that require the application of the lifetime expected credit loss model.

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2020	$	$	$	$	$	$
Trade receivables	35,372	35,372	-	-	-	-
Other receivables	6,611	6,611	-	-	-	-
Total	**41,983**	**41,983**	**-**	**-**	**-**	**-**
2019						
Trade receivables	47,526	47,526	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	**47,526**	**47,526**	**-**	**-**	**-**	**-**

7. Property, plant and equipment

	2020 $			2019 $		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements - at cost	184,300	(132,835)	51,465	184,300	(123,829)	60,471
Plant and equipment - at cost	73,313	(65,832)	7,481	71,189	(65,262)	5,927
Total property, plant and equipment	**257,613**	**(198,667)**	**58,946**	**255,489**	**(189,091)**	**66,398**

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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

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

Leased assets

As described in Note 1(h), the Company has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 17.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

(a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2020 (2019: None)

7. Property, plant and equipment (continued)

(b) Movements in carrying amounts of PP&E

2020	Leasehold Improvements $	Plant & Equipment $	Total $
Opening carrying value	60,471	5,927	66,398
Additions	-	2,113	2,113
Depreciation	(9,006)	(559)	(9,565)
Closing carrying value	**51,465**	**7,481**	**58,946**

2019	Leasehold Improvements $	Plant & Equipment $	Total $
Opening carrying value	69,477	7,136	76,613
Depreciation	(9,006)	(1,209)	(10,215)
Closing carrying value	**60,471**	**5,927**	**66,398**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

(c) Right of use assets	$
Properties	38,845
Total right-of-use assets	**38,845**

The Company's lease portfolio includes buildings, plant and equipment.

Options to extend or terminate

The option to extend or terminate are contained in the property lease of the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of use asset.

7. Property, plant and equipment (continued)

(i) AASB 16 related amounts recognised in the statement of financial position

	Leased Building	Total Right of use asset
	$	$
Leased Asset	69,921	69,921
Accumulated depreciation	(31,076)	(31,076)
	38,845	**38,845**

Movements in carrying amounts:

	Leased Building	Total Right of use asset
	$	$
Recognised on initial application of AASB 16	69,921	69,921
Depreciation expense	(31,076)	(31,076)
Net carrying amount	**38,845**	**38,845**

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

	2020
	$
Depreciation charge related to right-of-use assets	31,076
Interest expense on lease liabilities	2,529
Total cash outflows for leases	32,734

8. Intangible assets

	2020 $ At cost	2020 $ Accumulated amortisation	2020 $ Written down value	2019 $ At cost	2019 $ Accumulated amortisation	2019 $ Written down value
Franchise fees	64,831	(12,966)	51,865	68,056	(68,056)	-
Total intangible assets	**64,831**	**(12,966)**	**51,865**	**68,056**	**(68,056)**	**-**

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

Movements in carrying amounts

2020	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	-	64,831	(12,966)	51,865
Total intangible assets	**-**	**64,831**	**(12,966)**	**51,865**

2019	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	13,611	-	(13,611)	-
Total intangible assets	**13,611**	**-**	**(13,611)**	**-**

9. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

10. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade creditors	238	3,099
Franchise fee payable	12,966	13,611
Other creditors and accruals	10,393	11,287
	23,597	27,997

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

The average credit period on trade and other payables is one month.

11. Leases

	2020 $	2019 $
Current		
Property Leases	31,590	-
	31,590	-
Non-current		
Property Leases	8,126	-
	8,126	-
Total leases	39,716	-

The Company has a lease for its premises. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as a lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 7)

11. Leases (continued)

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant & equipment and incur maintenance fees on such items in accordance with the lease contracts.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as follows:

	Minimum lease payments due				
	Within 1 year	**1-2 Years**	**3-5 years**	**After 5 years**	**Total**
	$	**$**	**$**	**$**	**$**
30 June 2020					
Lease payments	31,590	8,126	-	-	39,716
Net present values	**31,590**	**8,126**	-	-	39,716
30 June 2019					
Lease payments	-	-	-	-	-
Net present values	-	-	-	-	-

Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Total cash outflows for leases for the year ended 30 June 2020 was $33,554 (2019: $32,197).

Additional information on the right-of-use assets by class of assets is as follows:

	Carrying amount (Note 7)	**Depreciation Expense**	**Impairment**
	$	**$**	**$**
Property Leases	69,921	30,176	-
	69,921	**30,176**	-

12. Provisions

	2020	**2019**
	$	**$**
Current		
Employee benefits	37,524	48,697
Non-current		
Employee benefits	3,680	2,375
Total provisions	**41,204**	**51,072**

12. Provisions (continued)

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Short-term employee benefits
Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

13. Share capital

	2020 $	2019 $
800010 Ordinary shares fully paid	800,010	800,010
	800,010	**800,010**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(a) Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	800,010	800,010
At the end of the reporting period	**800,010**	**800,010**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) Capital management

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

13. Share capital (continued)

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

(i) the Distribution Limit is the greater of:
  (a) 20% of the profit or funds of the 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 Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

14. Accumulated losses

	2020 $	2019 $
Balance at the beginning of the reporting period	(571,659)	(575,943)
Profit for the year after income tax	96,119	44,285
Dividends paid	(40,001)	(40,001)
Balance at the end of the reporting period	**(515,541)**	**(571,659)**

15. Dividends paid or provided for on ordinary shares

	2020 $	2019 $
Dividends paid or provided for during the year		
Final unfranked ordinary dividend of 5 cents per share (2019:5 cent per share)	40,001	40,001

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

16. Earnings per share

	2020 $	2019 $
Basic earnings per share (cents)	12.01	5.54
Earnings used in calculating basic earnings per share	96,119	44,285
Weighted average number of ordinary shares used in calculating basic earnings per	800,010	800,010

Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

17. Statement of cash flows

	2020 $	2019 $
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	228,261	144,115
As per the Statement of Cash Flow	228,261	144,115
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit for the year after income tax	96,119	44,285
Non-cash flows in profit		
- Depreciation and amortisation	53,607	23,826
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	5,543	(5,195)
- (Increase) / decrease in deferred tax asset	28,430	16,761
- Increase / (decrease) in trade and other payables	(4,400)	3,371
- Increase / (decrease) in provisions	(9,868)	5,213
Net cash flows from operating activities	169,431	88,261

(c) Changes in Liabilities arising from Financing Activities.

	1-Jul-19	Cash Flows	Non-cash changes				30-Jun-20
			Initial application of AASB 16	Acquisition	Fair Value Changes	Reclassification	
	$	$	$	$	$	$	$
Lease liabilities	-	-	39,716	-	-	-	39,716
Total	-	-	39,716	-	-	-	39,716

18. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company.

No director of the company receives remunerationas a company director or committee member. There are no executives with the company whose remuneration is required to be disclosed.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

18. Key management personnel and related party disclosures (continued)

(c) Transactions with key management personnel and related parties (continued)

The Gympie & District Financial Services Limited have not accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch.

There has been no other transactions key management or related parties other than those described above.

(d) Key management personnel shareholdings

The number of ordinary shares in Gympie & District Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2020 $	2019 $
Rae Gâté	500	500
Rens Poels	16,800	16,800
Elaine Thomson	47,510	47,510
	64,810	64,810

Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

There has been no other transactions key management or related parties other than those described above.

19. Community Enterprise Foundation™

The Community Enterprise Foundation™ (CEF) is the philanthropic arm of the Bendigo and Adelaide Bank Group to which Community Bank branches can make financial contributions. These contributions made by the company are included in the charitable donations and sponsorship expenditure in the Statement of Profit or Loss and Other Comprehensive Income.

During the current financial year, the company contributed funds to the Community Enterprise Foundation™ (CEF), as detailed below. These funds are held in trust by the CEF on behalf of the company and are available for distribution by grants to eligible applicants.

	2020 $	2019 $
Opening Balance	253	1,155
Contributions	11,500	10,500
Grants Paid	(5,000)	(10,000)
Interest	24	30
GST	(1,045)	(955)
Management fees	(523)	(477)
Balance available for distribution in future periods	**5,209**	**253**

20. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

21. Contingent liabilities and contingent assets

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

22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Gympie, QLD. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2019: 100%).

23. Commitments

(a) Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

	2020 $	2019 $
Payable - minimum lease payments:		
- no later than 12 months		32,197
- between 12 months and five years		32,197
Finance lease liability	**-**	**64,394**

Include the details of the finance lease commitments. i.e. Finance leases comprise leases of property, plant and equipment under normal commercial finance lease terms and conditions repayable over 5 years.

24. Company details

The registered office and principal place of business is 68 Mary Street, Gympie

25. Financial instrument risk

Financial risk management policies

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

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables. The totals for each category of financial instruments measured in accordance with AASB 9 *Financial Instruments* as detailed in the accounting policies are as follows:

	Note	2020 $	2019 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	228,261	144,115
- Trade and other receivables	6	41,983	47,526
Total financial assets		**270,244**	**191,641**
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	10	23,597	27,997
- Lease Liabilities	11	39,716	-
Total financial liabilities		**63,313**	**27,997**

25. Financial instrument risk (continued)

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

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

Credit risk exposures

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

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 6.

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

(b) Liquidity risk

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

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

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2020	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	0.80%	228,261	228,261	-	-
- Trade and other receivables		41,983	41,983	-	-
Total anticipated inflows		270,244	270,244	-	-
Financial liabilities					
- Trade and other payables		23,597	23,597	-	-
Total expected outflows		23,597	23,597	-	-
Net inflow / (outflow) on financial instrume		**246,647**	**246,647**	**-**	**-**

25. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2019	Weighted average interest rate	Total	Within 1 year	1 to 5 years	Over 5 years
	%	$	$	$	$
Financial assets					
- Cash and cash equivalents	1.14%	144,115	144,115	-	-
- Trade and other receivables		47,526	47,526	-	-
Total anticipated inflows		191,641	191,641	-	-
Financial liabilities					
- Trade and other payables		27,997	27,997	-	-
Total expected outflows		27,997	27,997	-	-
Net inflow / (outflow) on financial instrument		**163,644**	**163,644**	**-**	**-**

(c) Market risk

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

The primary risks the company is exposed to is interest rate risk and other price risk. The company has no exposure to fluctuations in foreign currency.

Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are cash and cash equivalents.

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably
- A parallel shift of +/- 0.5% in market interest rates from year-end rates.

These movements will not have a material impact on the valuation of the company's financial assets, nor will they have a material impact on the results of the company's operations.

Directors' declaration

In accordance with a resolution of the Directors of Gympie & District Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 36 are in accordance with the *Corporations Act 2001*

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

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

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

Rens Poels
Director

Signed at Gympie on 7 September 2020.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GYMPIE & DISTRICT FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Gympie & District Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Gympie & District 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 performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Director's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

P. P. Delahunty
Partner
Bendigo
Dated: 10 September 2020

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Bendigo Bank