HENTY COMMUNITY FINANCIAL SERVICES LIMITED

ABN 20 084 864 835

2020 Annual Report

Community Bank
Henty

Bendigo Bank

Notice of Meeting

Henty Community Financial Services Limited
A.B.N. 20 084 864 835

Annual General Meeting

The Annual General Meeting of Shareholders of Henty Community Financial Services Limited will be held Wednesday 18th November 2020 at 7.30pm at the Henty Community Club Library, 37 South St, Henty.

Ordinary Business

Notice of Meeting

Confirmation of Minutes of A.G.M. 20th November 2019

Proxies

Chairman's Report

Manager's Report

Appointment of Auditor – Richmond Sinnott & Delahunty

Two Directors must retire in rotation at the Annual General Meeting but are eligible for re-election.

They are:

Helen Mcrorie
Rachelle Roulston

Contents

Chairperson's report

For year ending 30 June 2020

The last year has been yet again a very successful one for our Bank, despite the fallout from the Royal Commission into banking that has made lending become a difficult and time-consuming operation for all Banks.

Our footings have grown to over $125 million, which almost doubled in the last 8 years. Our profitability has also improved in a time when most banks are experiencing a downturn.

This can be attributed to the dedication and hard work our staff put in to achieve high levels of customer service. We sincerely thank Sharon, Stephanie, Jacinda and Michelle. A special mention must also go to our Manager, Gaynor and Rural Bank Lenders Trent Bullock and John Walton, who have done a great job in growing our lending book over the past 12 months.

The Board is also focusing on succession planning and creating employment opportunities moving forward.

Finally, I would like to thank our dedicated Board for their commitment, enthusiasm and support in running your Bank. Monthly meetings are only a small part of the job with much of the Board business conducted between meeting by email. Their sole purpose is to improve our communities quality of life and making Henty a better place to live.

It is a pleasure to serve our Shareholders as part of a committed and competent Board, whose direction and enthusiasm never waves.

John Ellis
Chairman
Henty Community Financial Services Ltd.

Manager’s report

For year ending 30 June 2020

Once again I have the privilege as Manager of the Henty and District Community Bank to present my report for the financial year ending 2020.

Our focus remains on adding value to our existing customers while building new relationships in the community to ultimately grow our business.

It was certainly another challenging year in a highly competitive financial market. We have witnessed record low lending rates for our borrowers while trying to keep our retired and deposit customers satisfied with low deposit rates. We did achieve some positive results by exceeding our targets in both lending and deposits. Our overall footings of $125 million do not reflect the success we had during the financial year as Bendigo Bank sold its Wealth book which heavily impacted our overall position.

These results are a team effort and can be attributed to our passionate and customer connected staff. It is with heartfelt gratitude that I thank my team, Sharon, Stephanie, Jacinda and Michelle. Thank you also to Emerson for her contribution throughout the year and we wish you well in your new chosen career.

Our Holbrook agency is continuing to offer an alternative banking option and thanks must go to the capable staff, Vicki, Rebecca and Kelli.

We continue to receive dedicated support from our partners at Rural Bank, Trent Bullock and John Walton and also our partners Bendigo and Adelaide Bank with dedicated support from Anthony McGettigan. Trent continues to be based at our Henty Office and for that we are extremely fortunate.

A huge thanks must go to our Board of Directors who dedicate many volunteer hours and work tirelessly in their roles to support me in my role as Branch Manager and to ensure the ongoing success of our business.

Lastly but not least thank you to our shareholders and customers that continue to advocate the benefits of banking with us to family, friends and the wider community. This we are grateful as word of mouth is, after all, our highest compliment.

We look forward to an exciting year ahead.

Gaynor Mcleish
Branch Manager– Henty Community Bank Branch

Declaration of Dividend

Dividend paid or declared in the financial year ended 30 June 2019.

A fully franked final dividend of 10 cents per share was declared and paid during the year for the year ended 30 June 2019.

No dividend has been declared or paid for the year ended 30 June 2020 as yet.

Director’s report

For year ending 30 June 2020

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

Directors

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

Name and position held	Professional	Experience and Expertise
John Bruce Ellis Chairperson Board member since June 1996	Nil	Field Marketing Agronomist, Director/Partner of Small Business
Alison Campbell Director/Secretary Board member since April 2011	BD Dip ED	School Teacher, Current Farming Business Partner/Director
Hugh Thomas Clancy Director/Treasurer Board member since June 2009	Nil	Qualified Motor Mechanic, Current Farming Business Partner
Helen Margaret McRorie Director Board member since June 2009	Licensed Conveyer, JP	Legal Experience, Current Farming Business Partner
Leigh Eulenstein Director Board member since Sept 2013	Nil	Small Business Owner
Dennis Kane Director Board Member appointed February 2017	Nil	General Manger/Director
Rochelle Roulston Director Board Member appointed March 2018	Nil	Director

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

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

Directors meetings

Attendances by each director during the year were as follows:

Director	Board Meetings	
	A	B
John Bruce Ellis	9	9
Alison Campbell	9	8
Hugh Thomas Clancy	9	9
Helen Margaret McRorie	9	8
Leigh Eulenstein	9	8
Dennis Kane	9	8
Rochelle Roulston	9	9

A *- The number of meetings eligible to attend*
B *- The number of meetings attended*

Company secretary

Alison Campbell has been the company secretary since June 2011. Alison is a farmer and has been on many local community organisation committees over many years.

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 have 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 $31,126 (2019 profit: $146,649), which is a 78.8% decrease as compared with the previous year.

The decrease in profit for the year is due to a decline in revenue and an increase in charitable donations and sponsorship.

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. There have been no specific impacts on the entity’s financial position and performance.

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

A fully franked final dividend of 10 cents per share was declared and paid during the year for the year ended 30 June 2020. A fully franked dividend of 12 cents per share was declared and paid for 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 10 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 Henty, NSW on 9 October 2020.

Hugh Clancy
Director

Auditor's Independence Declaration

Audit

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC 3552

Telephone: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Henty Community 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 *Corporations Act 2001* in relation to the audit; and

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

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550
Dated: 16th October 2020

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

	Note	2020 $	2019 $
Revenue	2	779,252	829,196
Expenses			
Employee benefits expense	3	(304,942)	(294,129)
Depreciation and amortisation	3	(30,118)	(22,707)
Bad and doubtful debts expense	3	(126)	-
Administration and general costs		(69,598)	(69,236)
IT expenses		(14,072)	(16,037)
Promotion and advertising costs		(9,797)	(7,354)
Commission expense		(13,419)	(8,945)
Unrealised losses on investments		(42,757)	-
Other expenses		(63,520)	(66,209)
		(548,349)	(484,617)
Operating profit before charitable donations and sponsorship		**230,903**	**344,579**
Charitable donations and sponsorship		(200,000)	(157,895)
Profit before income tax		**30,903**	**186,684**
Income tax (expense)/benefit	4	223	(40,035)
Profit for the year after income tax		**31,126**	**146,649**
Other comprehensive income		-	-
Total comprehensive income for the year		**31,126**	**146,649**
Profit attributable to members of the company		31,126	146,649
Total comprehensive income attributable to members of the company		**31,126**	**146,649**

The accompanying notes form part of these financial statements

Statement of Financial Position
For the year ended 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	89,869	191,713
Trade and other receivables	6	111,272	82,321
Financial assets	7	280,580	238,786
Other assets	8	7,898	7,941
Total current assets		**489,619**	**520,761**
Non-current assets			
Property, plant and equipment	9	139,652	117,165
Intangible assets	10	46,545	60,529
Deferred tax assets	4	42,151	24,068
Total non-current assets		**228,352**	**201,762**
Total assets		**717,971**	**722,523**
Liabilities			
Current liabilities			
Trade and other payables	12	27,041	23,500
Current tax liability	4	2,371	17,978
Borrowings	13	1,692	1,555
Provisions	14	68,365	51,065
Total current liabilities		**99,469**	**94,098**
Non-current liabilities			
Trade and other payables	12	30,699	46,053
Provisions	14	2,620	1,555
Total non-current liabilities		**33,319**	**47,608**
Total liabilities		**132,788**	**141,706**
Net assets		**585,183**	**580,816**
Equity			
Issued capital	15	267,585	267,585
Retained earnings	16	317,598	313,231
Total equity		**585,183**	**580,816**

The accompanying notes form part of these financial statements

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2019		**267,585**	**313,231**	**580,816**
Comprehensive income for the year				
Profit for the year		-	31,126	31,126
		-	**31,126**	**31,126**
Transactions with owners in their capacity as owners				
Dividends paid or provided	17	-	(26,759)	(26,759)
Balance at 30 June 2020		**267,585**	**317,598**	**585,183**
Balance at 1 July 2018 (reported)		267,585	188,823	456,408
Change due to the adoption of AASB 9		-	9,869	9,869
Balance at 1 July 2018 (restated)		**267,585**	**198,692**	**466,277**
Comprehensive income for the year				
Profit for the year		-	146,649	146,649
		-	**146,649**	**146,649**
Transactions with owners in their capacity as owners				
Dividends paid or provided	18	-	(32,110)	(32,110)
Balance at 30 June 2018		**267,585**	**313,231**	**580,816**

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		814,412	875,967
Payments to suppliers and employees		(717,677)	(718,555)
Dividends received		3,571	13,608
Interest received		3,470	6,605
Income tax paid		(35,471)	(41,438)
Net cash flows provided by operating activities	20b	**68,305**	**136,187**
Cash flows from investing activities			
Purchase of property, plant and equipment		(38,621)	(5,046)
Purchase of investments		(89,552)	(9,004)
Purchase of intangible assets		(15,354)	(13,954)
Net cash flows used in investing activities		**(143,527)**	**(28,004)**
Cash flows from financing activities			
Net proceeds from loans		137	-
Dividends paid		(26,759)	(32,110)
Net cash flows used in financing activities		**(26,622)**	**(32,110)**
Net increase/(decrease) in cash held		**(101,844)**	**76,073**
Cash and cash equivalents at beginning of financial year		191,713	115,640
Cash and cash equivalents at end of financial year	20b	**89,869**	**191,713**

The accompanying notes form part of these financial statements

Notes to the Financial Statements Year ended 30 June 2020

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

Henty Community Financial Services Ltd ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 9 October 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 Henty.

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, 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 *Income tax* 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.

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.

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

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.

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.

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

1. Summary of significant accounting policies (continued)

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

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	7,882
Recognition exemptions:	
• leases of low value assets	(4,379)
• leases with remaining lease terms of less than 12 months	(3,503)
Variable lease payments not recognised	-
Other minor adjustments relating to commitment disclosures	-
Operating lease liabilities before discounting	-

(g) Change in accounting policies

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.

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.

On the statement of financial position, the right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and lease liabilities have been included in borrowings.

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	718,955	771,422
	718,955	771,422
Other revenue		
- interest received	2,796	6,605
- dividends received	3,571	13,608
- other revenue	53,930	29,569
- FV gain on investments	-	7,992
	60,297	57,774
Total revenue	**779,252**	**829,196**

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

Dividend and other revenue is recognised when the right to the income has been established.

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.

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.

2. Revenue (continued)

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

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

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

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

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

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

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

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

3. Expenses

	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	251,305	264,865
- superannuation costs	26,653	21,929
- other costs	26,984	7,335
	304,942	294,129
Depreciation and amortisation		
Depreciation		
- buildings	4,971	3,914
- plant and equipment	11,163	4,537
	16,134	8,451
Amortisation		
- franchise fees	13,984	14,256
Total depreciation and amortisation	30,118	22,707
Bad and doubtful debts expenses	126	-
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	5,250	5,080
	5,250	5,080

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 and intangible assets, including buildings and capitalised leased assets, but excluding freehold land is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of asset	*Rate*	*Method*
Buildings	3%	Straight Lline
Plant and equipment	5-33%	Straight Lline
Franchise fees	20%	Straight Lline

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

3. Expenses (continued)

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	19,717	45,503
Deferred tax expense	(18,272)	5,195
Franking credits	-	(5,832)
Recognition of deferred taxes upon adoption of AASB 9	-	(3,744)
Under / (over) provision of prior years	(1,668)	(1,087)
	(223)	**40,035**
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%)	8,498	51,338
Add tax effect of:		
- Franking credits	421	(5,832)
- Non-deductible expenses/non-assessable income	(7,474)	(640)
- Under / (over) provision of prior years	(1,668)	(1,087)
- recognition of deferred taxes upon adoption of AASB 9	-	(3,744)
Income tax attributable to the entity	**(223)**	**40,035**
The applicable weighted average effective tax rate is:	0.72%	-21.45%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	17,978	22,849
Income tax paid	(34,837)	(41,438)
Current tax	20,760	42,399
Franking credits	(1,530)	(5,832)
	2,371	**17,978**

4. Income Tax (continued)

d. Deferred tax asset

Deferred tax relates to the following:

Deferred tax assets comprise:		
Property, plant & equipment	18,519	17,241
Accruals	638	483
Financial assets carried at FVTPL	5,816	-
Employee provisions	19,521	14,471
	44,494	**32,195**
Deferred tax liabilities comprise:		
Prepayments	2,172	2,184
Accrued income	167	-
Financial assets carried at FVTPL	-	5,943
	2,339	8,127
Net deferred tax asset	**42,155**	**24,068**

e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(12,300)	4,445
(Decrease) / increase in deferred tax liabilities	(5,972)	6,221
Recognition of deferred taxes upon adoption of AASB 9	-	(3,744)
Under / (over) provision prior years	185	(1,727)
	(18,087)	**5,195**

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. 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.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction which:
    - is not a business combination; and
    - at the time of the transaction, affects nether accounting profit nor taxable profit (tax loss).

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

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.

Current tax assets and liabilities are offset where a legally enforceable right of off-set exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity.

5. Cash and cash equivalents

	2020 $	2019 $
Cash at bank and on hand	79,869	85,659
Short-term bank deposits	10,000	106,054
	89,869	**191,713**

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 0.75% (2019: 2.02%); these deposits have an average maturity of 92 days.

6. Trade and other receivables

	2020 $	2019 $
Current		
Trade receivables	83,772	80,250
Other receivables	27,500	2,071
	111,272	**82,321**

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 Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current and forecast directions of conditions at the reporting date.

There has been change in the estimation techniques or significant assumptions made during the current reporting period

6. Trade and other receivables (continued)

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	83,772	83,772	-	-	-	-
Other receivables	27,500	27,500	-	-	-	-
Total	**111,272**	**111,272**	**-**	**-**	**-**	**-**
2019						
Trade receivables	80,250	80,250	-	-	-	-
Other receivables	2,071	2,071	-	-	-	-
Total	**82,321**	**82,321**	**-**	**-**	**-**	**-**

7. Financial assets

	2020	2019
	$	$
Amortised cost		
Term deposits	117,239	115,264
Fair value through profit and loss		
Listed investments	163,341	118,522
Unlisted investments	-	5,000
	280,580	238,786

The effective interest rate on the bank deposit was 1.55% (2019: 2.3%). This deposit has a term of 7 months, maturing on 15 September 2020.

(a) Classification of financial assets
The company classifies its financial assets in the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)

(b) Measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

7. Financial assets (continued)

(b) Measurement of financial assets (continued)

Financial assets at fair value through profit or loss (FVTPL)
Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL.

(c) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Derecognition

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

8. Other assets

	2020 $	2019 $
Prepayments	7,898	7,941
	7,898	**7,941**

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

9. Property, plant and equipment

2019 $	At cost	Accumulated depreciation	Written down value
Land - at cost	4,800	-	4,800
Buildings - at cost	156,543	(68,968)	87,575
Plant and equipment - at cost	120,767	(95,977)	24,790
Total property, plant and equipment	**282,110**	**(164,945)**	**117,165**

2020 $	At cost	Accumulated depreciation	Written down value
Land - at cost	4,800	-	4,800
Buildings - at cost	166,090	(73,939)	92,151
Plant and equipment - at cost	153,217	(110,516)	42,701
Total property, plant and equipment	**324,107**	**(184,455)**	**139,652**

Land and buildings

Freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of land and buildings 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 land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

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.

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.

9. Property, plant and equipment (continued)

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

(b) Movements in carrying amounts of PP&E

2020	Land $	Buildings $	Plant & Equipment $	Total $
Opening carrying value	4,800	92,621	19,744	117,165
Additions	-	7,890	30,731	38,621
Depreciation	-	(4,971)	(11,163)	(16,134)
Closing carrying value	**4,800**	**95,540**	**39,312**	**139,652**

2019	Land $	Buildings $	Plant & Equipment $	Total $
Opening carrying value	4,800	91,489	24,281	120,570
Additions	-	5,046	-	5,046
Depreciation	-	(3,914)	(4,537)	(8,451)
Closing carrying value	**4,800**	**92,621**	**19,744**	**117,165**

10. Intangible assets

	2019 $		
	At cost	Accumulated amortisation	Written down value
Franchise fees	69,769	(9,240)	60,529
Total intangible assets	**69,769**	**(9,240)**	**60,529**

	2020 $		
	At cost	Accumulated amortisation	Written down value
Franchise fees	69,769	(23,224)	46,545
Total intangible assets	**69,769**	**(23,224)**	**46,545**

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.

10. Intangible assets (continued)

Movements in carrying amounts

2020	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	60,529	-	(13,984)	46,545
Total intangible assets	**60,529**	**-**	**(13,984)**	**46,545**

2019	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	5,016	69,769	(14,256)	60,529
Total intangible assets	**5,016**	**69,769**	**(14,256)**	**60,529**

11. 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.

12. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade creditors	11,692	7,212
	-	939
Other creditors and accru-		
Franchise fees	15,349	15,349
	27,041	**23,500**
Non- Current		
Unsecured liabilities:		
Franchise fees	30,699	46,053
	30,699	**46,053**

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.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

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

13. Borrowings

	2020 $	2019 $
Current		
Unsecured liabilities		
Credit Card	1,692	1,555
Total Borrowings	**1,692**	**1,555**

Credit card facility
The company has a credit card facility of $5,000 which is subject to normal commercial terms and conditions.

14. Provisions

	2020 $	2019 $
Current		
Employee benefits	68,365	51,065
Non-current		
Employee benefits	2,620	1,555
Total provisions	**70,985**	**52,620**

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.

15. Share Capital

	2020 $	2019 $
267,585 Ordinary shares fully paid	267,585	267,585
	267,585	**267,585**

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.

15. Share Capital (continued)

(a) Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	267,585	267,585
Shares issued during the year	-	-
At the end of the reporting period	**267,585**	**267,585**

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.

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.

16. Retained earnings

	2020 $	2019 $
Balance at the beginning of the reporting period	313,231	188,823
Increase due to adoption of AASB 9	-	9,869
Profit for the year after income tax	31,126	146,649
Dividends paid	(26,759)	(32,110)
Balance at the end of the reporting period	**317,598**	**313,231**

17. Dividends paid or provided for on ordinary shares

	2020 $	2019 $
Dividends paid or provided for during the year		
Interim and/or final fully franked ordinary dividend of 10 cents per share (2019: 12 cents) franked at the tax rate of 27.5% (2019: 27.5%).	26,759	32,110

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.

18 Earnings per share

	2020 $	2019 $
Basic earnings per share (cents)	11.63	54.80
Earnings used in calculating basic earnings per share	31,126	146,649
Weighted average number of ordinary shares used in calculating basic earnings per share	267,585	267,585

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.

19. 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)	89,869	191,713
As per the Statement of Cash Flow	**89,869**	**191,713**
(b) Reconciliation of cash flow from operations with profit/loss after income tax		
Profit for the year after income tax	31,126	146,649
Non-cash flows in profit		
- Depreciation and amortisation	30,118	22,707
- Bad debts	126	-
- Loss on disposal of investments	5,000	-
- Fair value (increase)/decrease in investments	42,757	(7,994)
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(29,077)	(11,006)
- (increase) / decrease in prepayments and other assets	43	(1,009)
- (Increase) / decrease in deferred tax	(18,087)	10,666
- Increase / (decrease) in trade and other payables	3,541	(2,788)
- Increase / (decrease) in current tax liabil-	(15,607)	(4,871)
- Increase / (decrease) in provisions	18,365	(15,560)
- Increase / (decrease) in other liabilities		(607)
Net cash flows from operating activities	**68,305**	**136,187**

20. 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.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2020 $	2019 $
Short-term employee benefits	-	-
Total key management personnel compensation	**-**	**-**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

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

(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

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

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods / services provided	Value $
H T Clancy	Bookeeping	5,000

The Henty Community Financial Services Limited has 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 is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

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

	2020	2019
John Ellis	1,000	1,000
Allison Campbell	9,000	9,000
Hugh Clancy	1,150	1,150
Helen McRorie	100	100
Leigh Eulenstein	-	-
Dennis Kane	-	-
Rochelle Roulston	-	-
	11,250	11,250

There was no movement in key management personnel shareholdings during the year. 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.

21. Events after the reporting period

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

22. Contingent liabilities and contingent assets

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

23. 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 Henty, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2019: 100%).

24. Commitments

(a) Operating lease commitments

	2020 $	2019 $
Payable:		
- no later than 12	-	3,503
- between 12 months and five years	-	4,379
Minimum lease pay-	-	7,882

'The company has a five year lease commitment in respect of ATM usage. The agreement requires the Company to contribute 50% of the monthly lease costs to Bendigo & Adelide Bank Limited, the primary lessor.

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

25. Company Details

The registered office and principal place of business is 8 Sladen Street, Henty, NSW 2658

26. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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, bank overdraft and loans. 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	89,869	191,713
- Trade and other receivables	6	111,272	82,321
- Term deposits		117,239	115,264
		318,380	389,298
Investments designated as fair value through other comprehensive income:			
- Listed investments	7	163,341	118,522
- Unlisted investments	7	-	5,000
		163,341	123,522
Total financial assets		**481,721**	**512,820**
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	12	27,041	69,553
- Borrowings	13	1,692	1,555
Total financial liabilities		**28,733**	**71,108**

(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.

26. Financial instrument risk (continued)

(a) Credit risk (continued)

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.

26. Financial instrument risk (continued)

(b) Liquidity risk (continued)

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	0.08%	89,869	89,869	-	-
- Trade and other receivables	-%	111,272	111,272	-	-
- Listed investments	-%	163,341	163,341	-	-
-Term Deposits	1.55%	117,239	117,239	-	-
Total anticipated inflows		481,721	481,721	-	-
Financial liabilities					
- Trade and other payables		27,041	27,041	-	-
- Borrowings	13.99%	1,692	1,692	-	-
Total expected outflows		28,733	28,733	-	-
Net inflow / (outflow) on financial instruments		**452,988**	**452,988**	**-**	**-**

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	1.89%	191,713	191,713	-	-
- Trade and other receivables		82,321	82,321	-	-
- Term deposits	2.30%	115,264	115,264		
- Listed investments		5,000	5,000	-	-
-Term Deposits		118,522	118,522	-	-
Total anticipated inflows		512,820	512,820	-	-
Financial liabilities					
- Trade and other payables		69,553	69,553	-	-
- Borrowings	13.99%	1,555	1,555	-	-
Total expected outflows		71,108	71,108	-	-
Net inflow / (outflow) on financial instruments		**441,712**	**441,712**	**-**	**-**

26. Financial instrument risk (continued)

(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 borrowings, and 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 possible' over the next 12 months:
- A parallel shift of +/- 1% 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 and liabilities, nor will they have a material impact on the results of the company's operations.

Other price risk
The company is exposed to other price risk on its listed investment carried at fair value, whereby a change in share prices will affect the fair value of the financial instruments.

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 possible' over the next 12 months:
- A parallel shift of +/- 10% in equity prices from year-end rates.

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

27. Fair value measurements

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:
- listed investments

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(**a) Fair value hierarchy**

AASB 13: Fair value measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

27. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Recurring fair value measurements				
Financial assets				
Listed investments	163,341	-	-	163,341
Total financial assets recognised at fair value	163,341	-	-	163,341

	30 June 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Recurring fair value measurements				
Financial assets				
Share investments	118,522	-	5,000	123,522
Total financial assets recognised at fair value	118,522	-	5,000	123,522

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2019: no transfers).

(b) Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

-*Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
-*Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
-*Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Director's Declaration

for the year ending 30 June 2020

In accordance with a resolution of the Directors of Henty Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 43 are in accordance with the Corporations Act 2001 and:

    (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.

John Ellis
Director

Signed at Henty, NSW on 9 October 2020.

Independent Audit Report

Audit

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC 3552

Telephone: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HENTY COMMUNITY FINANCIAL SERVICES LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Henty Community 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 Henty Community 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.

Independent Audit Report continued

Auditor's Responsibility (continued)

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

KATHIE TEASDALE
Partner
Bendigo
Dated: 16th October 2020

Management Representation Letter

Henty
Community Financial Services Limited

Kathie Teasdale
RSD Audit
Level 2
41A Breen Street
BENDIGO VIC 3550

9 October 2020

Dear Kathie,

This representation letter is provided in connection with your review of the financial report of Henty Community Financial Services Limited for the period ended 30 June 2020, for the purpose of you expressing a conclusion as to whether you became aware of any matter in the course of the review that makes you believe that the full-year financial report is not in accordance with the *Corporations Act 2001.*

We confirm that, to the best of our knowledge and belief, the representations we make below are based on information available to us, having made such enquiries as we considered necessary to appropriately inform ourselves on these matters.

We acknowledge our responsibility for ensuring that the full-year financial report is in accordance with the *Corporations Act 2001,* including:

i. giving a true and fair view of the entity's financial position as at 30 June 2019, and of its performance for the period ended on that date; and

ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

We confirm that the full-year financial report is prepared and presented in accordance with the *Corporations Act 2001* and is free of material misstatements, including omissions.

1. We have made available to you:

    a. all financial records and related data, other information, explanations and assistance necessary for the conduct of the review; and

    b. minutes of all meetings of directors and committees.

2. All transactions have been recorded in the accounting records and are reflected in ~he financial report.

3. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.

4. There:

    a. has been no fraud or suspected fraud, error or non-compliance with laws and regulations involving management or employees who have a significant role in the internal control structure;

    b. has been no fraud or suspected fraud, error or non-compliance with laws and regulations that could have a material effect on the financial report, and

    c. have been no communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report.

5. We are responsible for an adequate internal control structure to prevent and detect fraud and error and to facilitate the preparation of a reliable financial report, and adequate financial records have been maintained. There are no material transactions that have not been recorded properly in the accounting records underlying the financial report.

6. We have no plans or intentions that may affect materially the carrying values, or classification, of assets and liabilities.

7. We have considered the requirements of Accounting Standard AASB 136 Impairment of Assets, when assessing the impairment of assets and in ensuring that no assets are stated in excess of their recoverable amount.

8. We believe the effects of all uncorrected misstatements as detailed in attachment A are immaterial, both individually and in the aggregate, to the financial report taken as a whole.

9. The following have been recorded and/or disclosed properly in the full-year financial report:

    a. related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral);

    b. share options, warrants, conversions or other requirements;

    c. arrangements involving restrictions on cash balances, compensating balances and line-of-credit or similar arrangements;

    d. agreements to repurchase assets previously sold;

    e. material liabilities or contingent liabilities or assets including those arising under derivative financial instruments;

    f. unasserted claims or assessments that our lawyers has advised us are probable of assertion; and

    g. losses arising from the fulfilment of, or an inability to fulfil, any sale commitments or as a result of purchase commitments for inventory quantities in excess of normal requirements or at prices in excess of prevailing market prices.

10. There are no violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial report or as a basis for recording an expense.

11. The entity has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed nor has any asset been pledged as collateral. Allowances for depreciation have been adjusted for all important items of property, plant and equipment that have been abandoned or are otherwise unusable.

12. The entity has complied with all aspects of contractual agreements that would have a material effect on the financial report in the event of non-compliance.

13. There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.

14. We believe that the significant assumptions and judgements we have used in making accounting estimates for inclusion in the financial report are reasonable, appropriately supported and, where required, disclosed.

15. The financial report discloses all significant accounting policies used in the preparation of the financial report. We considered the substance of the underlying transactions as well as their legal form in selecting the appropriate accounting policies and related disclosures for the financial report.

Management Representation Letter continued

16. We consider the measurement methods, including related assumptions, used to determine fair values relating to assets and liabilities to be appropriate based on the nature and purpose of the asset/liability. These have been consistently applied and appropriately disclosed in the financial report.
    In addition, we have considered the requirements of AASB 13 *Fair Value Measurement* relating to the fair value of property, plant and equipment. These assets have been valued on the basis that the highest and best use of the asset is obtained from its current use, taking into consideration what is physically possible, legally permissible and financially feasible. Our fair value assessment did not identify any internal or external events that would trigger a reassessment of the assets' highest and best use.

17. No events have occurred subsequent to the balance sheet date through to the date of this letter that would require adjustment to, or disclosure in, the financial report.

18. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

19. Management are satisfied that the borrowing rate provided for calculations in accordance with AASB 16 *Leases* is appropriate.

We understand that your examination was made in accordance with the auditing standard and was, therefore, designed primarily for the purpose of expressing a conclusion on the financial report of Henty Community Financial Services Limited, and that your procedures were limited to those which you considered necessary for that purpose.

Yours faithfully,

John Ellis
Chairman

Attachment A - Schedule of Unadjusted Audit Differences

Details	Assets	Liabilities	Equity	Revenue	Expenses
Promotion					$5,000
Accounts Payable		($5,000)			
To record post payment not recognised					
Wages in Advance	$2,496				
Accounts Payable		($2,496)			
To Account for prepaid wages at year end					
Accounts Payable	($2,250)				
Audit Fees					$2,250
To account for the full audit fees at year end					
Total Differences	**$246**	**($7,496)**	**—**	**—**	**$7,250**

Proxy Form

Henty Community Financial Services Limited

(Mark boxes with an X as shown ☒)

A.B.N. 20 084 864 835

I/We ……………………..…………………………………
(Print Name)

…..……………………..……………………………………
(Signature)

being a registered shareholder of
Henty Community Financial Services Limited
hereby appoint:

☐ **The Chairperson of the meeting**

OR

☐ ……………………………………………………
Name of Proxy

This page intentionally left blank

Notice of nomination of person for election as Director

1. Nomination

I, ____ (full name), of

____ (address)

State that I am a shareholder of Henty Community Financial Services Limited, and nominate the following person to stand for election as a Director of Henty Community Financial Services Limited at the Annual General Meeting on 29 November 2017.

I, ____ (full name), of

____ (address)

____ (signature of shareholder) ___/___/___

(date)

2. Consent

I, ____ (full name), of

____ (address)

accept the nomination to stand for election as a Director of Henty Community Financial Services Limited and confirm the following information is correct and consent to its disclosure as set out below. I also agree to comply with the procedures for a Victorian National Police Records Check.

2.1 Information to be provided to Australian Securities and Investments Commission if elected

Given and family name: (as set out above) _____________________________________

All former given and family names: ____

Date and place of birth: ____

Residential Address: ____

2.2 Information that may be included in Henty Community Financial Services Limited Notice of Meeting

Skills and experience: ____

____

Qualifications: ____

____ (signature of nominee) ___/___/___

(date)

This notice must be lodged at the Registered Office of Henty Community Financial Services Limited at 8 Sladen Street, Henty NSW 2658 no later than 15 business days before the Annual General Meeting, and no earlier than 60 business days before the Annual General Meeting.

The Annual General Meeting is to be held on 18 November 2020.

NOTE: A person nominated for election to the Board **must** undergo a Victoria Police "National Police Records Check" before being eligible for appointment or election to the Board.

Henty and District Community Bank Branch
8 Sladen Street, Henty, NSW 2658
Phone: (02) 6929 3683   Fax: (02) 6929 3687

Franchisee: Henty Community Financial Services Limited
8 Sladen Street, Henty, NSW 2658
Phone: (02) 6929 3683   Fax: (02) 6929 3687
ABN 20 084 864 835

www.bendigobank.com.au Bendigo Bank Limited, Fountain Court, Bendigo, VIC 3550
ABN 11 068 049 178   AFSL 237879
(Studio Zube Oct 2020)