

# Annual Report 2020

Huon Valley Financial  
Services Limited

Community Bank  
Huon Valley

ABN 34 101 469 854



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# Chairman's report

For year ending 30 June 2020

This is my sixth report as Chairman of Huon Valley Financial Services Limited and I am never ceased to be amazed at how each year our Annual Report continues to show such wonderful achievements.

There is no doubt in my mind that the Community Bank model works. There is also no doubt that a critical part of the success of the model is the commitment to face-to-face and over the counter interaction with our customers. Whilst community banking continues to thrive and grow, the big four banks are headed in the opposite direction. All across the country the big four are closing down bricks and mortar branches and forcing their customers into digital banking activities. At the same time we hear regularly from our State Managers that more and more communities are asking how can they have a Community Bank in their town as one or other of the big four have announced they are leaving.

Digital banking is clearly the preferred method of operation for a younger demographic, however there will always be a sizable proportion of our community that prefers and wants the human interaction that the Community Bank model provides. At Bendigo Bank we offer our customers a choice of both.

The Community Bank model only works however with great people behind the counter. At Huon Valley Financial Services Limited we have the best. Without these wonderful people, providing the great service that they do, we would not be able to grow the business year after year and continue to return to our community the profits from their banking activities. It is our customer's money after all and they deserve to have it returned to them through the multitude of individuals, groups and organisations that we support.

Thank you to each and every one of you, our staff, and long may the relationship continue and thrive.

A crucial part of the Huon Valley Financial Services Limited organisation is the role of our Community Liaison Officer (CLO). In May last year we lost the services of John Synnott our CLO and we took the opportunity to review the role and call for expressions of interest. We were extremely fortunate to be able to offer the position to Samantha Paul and Sam started with us in November. It is great to have Sam on the team.

Along with our Managers and staff, the role of our Directors cannot be overstated. Their commitment, on a totally voluntary basis, is outstanding. Sadly during the year we lost the services of our Deputy Chairperson, Janet Storan. Janet felt it was time to stand down after many years of dedicated service to community banking in the Huon Valley.

Janet, of course, was the chair of the Cygnet Steering Committee and was the driving force behind the fantastic campaign to open our newest branch. I reflected on the amazing job that Janet, and the Steering Committee, did when reading Simon Burgess Chairman's report for 2013. He said that potential sites all over Tasmania and Australia were looking to Cygnet as an example of how to establish a Community Bank professionally and in record time.

Janet will be sorely missed but I am sure she will be keeping a weather eye on our activities.

I would like to strongly endorse the point raised in the Manager's report about the crucial need to continually grow the business and promote from within our own ranks. Our staff are our greatest asset and without them there would be no Community Banks in the Huon Valley.

## Chairman's report (continued)

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I would also wish to take the opportunity to thank a number of our Directors who, in addition to the workload of a Board member, have added responsibilities. David Brereton is the Chair of the state-wide organisation that coordinates Community Bank marketing to ensure that our limited marketing funds are spent wisely and consistently.

Then there are our Grants and Marketing Committee members – Pam Lane, Jillian Griggs, Sally Doyle and Ken Langston. These folk are responsible for ensuring that the large number of applications that we receive each month for financial support are professionally assessed and recommendations made for giving back to our community the profits from our banking activities. Pam has stepped into the shoes left by Janet in the role of Chair of the committee and is doing a wonderful job.

Critical to the smooth running of the Board are our very special Secretary, David Walker, and Treasurer, Brent Hardy. Thank you both.

It is an honour and privilege to be the Chairman of such an exceptional organisation and to be part of the wonderful family that is Huon Valley Financial Services Limited and our four Community Banks in Dover, Geeveston, Huonville and Cygnet.



**Michael Lynch**  
**Chairman**

# Managers' report

## For year ending 30 June 2020

We have now completed our 17th full year of operation and we are extremely pleased to report that our business has continued to grow, with total business as at 30 June 2020 now standing at \$401.716 million, with 12,644 accounts opened. This represents growth of \$40.455 million (11.20%) and 669 accounts (5.59%) during the past 12 months.

Our Deposits totalled \$160.272 million, our Lending Portfolio \$234.781 million and Other Business \$6.663 million, with a further \$3.675 million in loans pending settlement.

These results only confirm the support of the community for 'their' Bank, which in turn enables our Community Bank company to return profits back into the community for the benefit of all.

The continued positive manner in which our Bank has been accepted and supported by people from both within and outside our immediate area has been beyond our expectations (and continues to amaze us) and only goes to show that there still is a need for good old fashioned, face-to-face banking services where you can build a relationship with your Bank.

We continue to generate regular monthly profits which are being distributed back into the community in many shapes and forms and it is this distribution of profits back to the community that gives us (the staff) a great deal of pride and satisfaction in the role that we play within your Bank.

The above results have not been achieved without a great deal of hard work, passion and dedication by a great team of staff and as such we would like to acknowledge and thank the following staff for their efforts:

Sharee Burgess, Cathy Thomson, Cate Swan, Michelle Doyle, Kerrie-Lyn O'Neill, Kelly Hankin, Narelle Gane, Chris Wood, Tamara Jones, Claudia Pulko, Ellice Harvey, Sophie Brouwer, Jayde Jones, Shirley Kenna, Natalie Page, Steph Perry and Alanna Story for their commitment and on-going support.

During April 2020 we were unfortunate to lose the services of our Geeveston and Dover Branch Manager, Rosie Buckpitt, who after four plus years at the helm of our Geeveston and Dover branches, decided to retire from banking. We would like to sincerely thank Rosie for her input to our Community Bank Huon Valley and wish her well for the future.

As one door closes another opens and we have been fortunate to promote from within, with our own Phil Woolley being appointed as Branch Manager of our Geeveston and Dover branches. Phil originally joined us in March 2014 as a Customer Service Officer and has gradually worked his way up through the ranks.

Our Huonville branch continues to grow quite rapidly, and we need to continually look at how best to support that growth. As such, we have recently appointed Alanna Story as Assistant Branch Manager, Natalie Page as a Customer Relationship Manager and Steph Perry as a Customer Service Officer. This has enabled us to once again promote from within, with Jayde Jones taking on a Customer Relationship Officer position.

We take this opportunity to welcome Alanna, Natalie and Steph to our team and to congratulate Phil and Jayde on their promotions.

## Managers' report (continued)

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Thanks also to the Board of Directors for their support and guidance over the past 12 months. They are a passionate group of people who give freely of their own time, doing a thankless job for the benefit of the community. It is always an enjoyable experience to work with you as we continue to grow and expand the business together.

To our 'team' at Regional Office: Martyn, Jordan, Jon and Kim, thank you for your continued support throughout the year, it truly is a pleasure to work with you. It is your contribution to the success of our Community Banks which ensures that the value of our partnership with Bendigo and Adelaide Bank Limited is maximised.

Finally, we wish to thank all of our customers and shareholders for their support and we trust that our personal service and commitment to the community will ensure the continued future success of our Community Banks at Geeveston, Dover, Huonville and Cygnet.



**Tony Coulson**  
Senior Manager



**Colleen Shield**  
Branch Manager  
Huonville



**Brent Stanway**  
Branch Manager  
Cygnet



**Phil Woolley**  
Branch Manager  
Geeveston & Dover

# Directors' report

For the financial year ended 30 June 2020

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

## Directors

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

### Michael Anthony Lynch

Chairman

**Occupation:** Small Business Owner

**Qualifications, experience and expertise:** Retired Naval Officer, previously General Manager of an electronics manufacturing plant and General Manager of Tasmanian University Research Company, Head of Office: Tasmanian Greens, Director: Tasmanian Conservation Trust, Chairperson: Tasmanian Heritage Council, President: Tasmanian Conservation Trust.

**Special responsibilities:** Chairman, Governance

**Interest in shares:** nil share interest held

### Brent Andrew Hardy

Non-executive director

**Occupation:** General Manager

**Qualifications, experience and expertise:** Brent has been the Divisional Manager and is presently the General manager of Duggans Pty Ltd. Previously Aust/Asian Logistics Manager for Erico Pty Ltd and director of the National Precast Association of Australia.

**Special responsibilities:** Treasurer

**Interest in shares:** nil share interest held

### Jillian Kay Griggs

Non-executive director

**Occupation:** Retired

**Qualifications, experience and expertise:** Staff Representative on the Board of Huon District Hospital for 6 years, volunteer on kiosk of Huon Eldercare for 11 years. Secretary of Huonville Football Club Ladies Committee for 5 years. Previously on the Board of HVFS for over 2 years before being re-elected in 2010.

**Special responsibilities:** Grants and Marketing Committee

**Interest in shares:** 6,000 ordinary shares

### David Allen Brereton

Non-executive director

**Occupation:** International Consultant

**Qualifications, experience and expertise:** Five years in the banking sector, followed by 34 years employed in various Australian Government agencies, including Department of Social Security/Centrelink, Australian Antarctic Division and Australian Bureau of Statistics. Retired from the public sector in 2012. Since 2013, has worked as an International Consultant with the Food and Agriculture Organisation of the United Nations (FAO), working in the Asia-Pacific region. Currently a Community member on the Chinese Medicine Board of Australia and Chair of the Board's Registration and Notification Committee. Involved in various Huon Valley community, school and sporting groups/clubs, including various executive positions.

**Special responsibilities:** Chair of Tasmanian Community Bank State Marketing Committee and State representative on the National Marketing Committee

**Interest in shares:** 20,000 ordinary shares



## Directors' report (continued)

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### Directors (continued)

#### **Sally Ann Doyle**

Non-executive director

**Occupation:** Director of own Company

**Qualifications, experience and expertise:** Qualified Teachers Aid, Secretary of L&S Doyle Pty Ltd, Deputy Mayor of Huon Valley Council, Community Liaison for Geeveston Cares and a Member of the Tasmanian Forest Workers Memorial.

**Special responsibilities:** Grants and Marketing Committee

**Interest in shares:** 2,000 ordinary shares

#### **Pamela Maree Lane**

Non-executive director

**Occupation:** Retired Teacher, Small Business Owner

**Qualifications, experience and expertise:** Over 30 years working in education as a teacher, Assistant Principal and Principal. Leader in both the NSW and Tasmanian education systems. Developed and implemented a number of significant educational programs both statewide and regionally. Member of the initial committee overseeing the development of the Huon Valley Trade Training Centre. Co-Leader of overseas trips to support education and health programs across S.E. Asia. Developed and implemented numerous health and wellbeing and employment training programs/initiatives for the Huon Valley community.

**Special responsibilities:** Chairman Grants and Marketing Committee

**Interest in shares:** nil share interest held

#### **David Lindsay Walker**

Non-executive director

**Occupation:** Accountant

**Qualifications, experience and expertise:** Qualified accountant, former executive director, chief financial officer and company secretary of a large public group of companies. Extensive experience in the management and oversight of all the financial aspects of a company's operations and strategy.

**Special responsibilities:** Company Secretary

**Interest in shares:** nil share interest held

#### **Kenneth Norman Langston**

Non-executive director

**Occupation:** Manager, Finance Sector

**Qualifications, experience and expertise:** Kenneth has been employed for the last seven years as the Head of Sector Engagement, Community Sector Banking. Before taking on this role he was the CEO of Steps Ltd (Tasmania) for 14 years prior. Kenneth has a Bachelor of Arts and a Graduate Certificate of Social Science.

**Special responsibilities:** Nil

**Interest in shares:** nil share interest held

#### **Janet Ann Storan**

Non-executive director (resigned 4 June 2020)

**Occupation:** Retired

**Qualifications, experience and expertise:** Over 40 year's administration experience including accounting and general administration. Previous employment includes managing the Flight Crew Licensing section for the Civil Aviation Safety Authority in Brisbane, and general accounting in an advertising agency. Responsible for the setting up and administration for a period of 10 years of a \$1 million Welfare Fund for the benefit of local government employees in Tasmania. Experience as a Leader in Scouting and Guiding organisations for over 15 years and Secretary of the Cygnet Football Club for 3 years and a member of the Cygnet RSL Women's auxiliary for 21 years. Chairman of the Steering Committee to establish the Cygnet Bendigo Community Bank.

**Special responsibilities:** Chairman Grants and Marketing Committee, Deputy Chairman

**Interest in shares:** 3,000 ordinary shares

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

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



## Directors' report (continued)

### Company Secretary

The company secretary is David Walker. David was appointed to the position of secretary on 1 January 2017.

Qualifications, experience and expertise: David is a qualified accountant and has previously been a director, chief financial officer and company secretary of a large public group of companies.

### Principal activity

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

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

### Operating results

The profit of the company for the financial year after provision for income tax was:

	Year ended 30 June 2020 \$	Year ended 30 June 2019 \$
	270,666	159,742

### Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Michael Anthony Lynch	-	-	-
Brent Andrew Hardy	-	-	-
Jillian Kay Griggs	6,000	-	6,000
David Allen Brereton	20,000	-	20,000
Sally Ann Doyle	2,000	-	2,000
Pamela Maree Lane	-	-	-
David Lindsay Walker	-	-	-
Kenneth Norman Langston	-	-	-
Janet Ann Storan (resigned 4 June 2020)	3,000	-	3,000

### Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	Total amount \$
Final fully franked dividend	5.90	112,926
<b>Total amount</b>	<b>5.90</b>	<b>112,926</b>

### New Accounting Standards implemented

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

## Directors' report (continued)

### Significant changes in the state of affairs

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

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

### Events since the end of the financial year

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

### Likely developments

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

### Environmental regulation

The company is not subject to any significant environmental regulation.

### Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 30 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

### Indemnification and insurance of directors and officers

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

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

### Directors' meetings

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

	Board Meetings		Grants & Marketing Committee Meetings	
	Eligible	Attended	Eligible	Attended
Michael Anthony Lynch	11	10	-	-
Brent Andrew Hardy	11	8	-	-
Jillian Kay Griggs	11	10	7	6
David Allen Brereton	11	8	-	-
Sally Ann Doyle	11	9	7	6

## Directors' report (continued)

### Directors' meetings (continued)

	Board Meetings		Grants & Marketing Committee Meetings	
	Eligible	Attended	Eligible	Attended
Pamela Maree Lane	11	9	7	5
David Lindsay Walker	11	6	-	-
Kenneth Norman Langston	11	9	-	-
Janet Ann Storan (resigned 4 June 2020)	11	10	7	7

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

### Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 29 to the accounts.

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

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

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the directors at Huonville, Tasmania.



**Michael Anthony Lynch,**  
Chairman

Dated this 2nd day of October 2020

# Auditor's independence declaration



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

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 2 October 2020

**Joshua Griffin**  
Lead Auditor

# Financial statements

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

	Notes	2020 \$	2019 \$
Revenue from contracts with customers	8	2,838,039	2,666,362
Other revenue	9	136,717	80,043
Finance income	10	6,624	7,181
Employee benefit expenses	11c)	(1,558,983)	(1,534,923)
Charitable donations, sponsorship, advertising and promotion		(366,045)	(366,975)
Occupancy and associated costs		(79,674)	(186,748)
Systems costs		(111,072)	(110,065)
Depreciation and amortisation expense	11a)	(160,364)	(70,855)
Finance costs	11b)	(74,601)	(286)
General administration expenses		(268,855)	(253,043)
<b>Profit before income tax expense</b>		<b>361,786</b>	<b>230,691</b>
Income tax expense	12a)	(91,120)	(70,949)
<b>Profit after income tax expense</b>		<b>270,666</b>	<b>159,742</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>270,666</b>	<b>159,742</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- Basic and diluted earnings per share:	32a)	14.14	8.35

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Financial Position as at 30 June 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13a)	853,111	637,007
Trade and other receivables	14a)	249,971	249,006
<b>Total current assets</b>		<b>1,103,082</b>	<b>886,013</b>
<b>Non-current assets</b>			
Other investments	15a)	2,000	2,000
Property, plant and equipment	16a)	327,461	360,189
Right-of-use assets	17a)	1,008,778	-
Intangible assets	18a)	16,410	56,112
Deferred tax asset	19b)	148,247	64,539
<b>Total non-current assets</b>		<b>1,502,896</b>	<b>482,840</b>
<b>Total assets</b>		<b>2,605,978</b>	<b>1,368,853</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	20a)	76,444	136,795
Current tax liabilities	19a)	16,217	31,155
Loans and borrowings	21a)	-	4,264
Lease liabilities	22b)	90,157	-
Employee benefits	24a)	190,634	172,320
<b>Total current liabilities</b>		<b>373,452</b>	<b>344,534</b>
<b>Non-current liabilities</b>			
Lease liabilities	22c)	1,252,267	-
Employee benefits	24b)	68,718	62,057
Provisions	23a)	58,452	-
<b>Total non-current liabilities</b>		<b>1,379,437</b>	<b>62,057</b>
<b>Total liabilities</b>		<b>1,752,889</b>	<b>406,591</b>
<b>Net assets</b>		<b>853,089</b>	<b>962,262</b>
<b>EQUITY</b>			
Issued capital	25a)	1,166,334	1,166,334
Accumulated losses	26	(313,245)	(204,072)
<b>Total equity</b>		<b>853,089</b>	<b>962,262</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2018</b>		1,166,334	(262,372)	903,962
Total comprehensive income for the year		-	159,742	159,742
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	31a)	-	(101,442)	(101,442)
<b>Balance at 30 June 2019</b>		<b>1,166,334</b>	<b>(204,072)</b>	<b>962,262</b>
<b>Balance at 1 July 2019</b>		1,166,334	(204,072)	962,262
Effect of AASB 16: Leases	3d)	-	(266,913)	(266,913)
<b>Restated balance at 1 July 2019</b>		1,166,334	(470,985)	695,349
Total comprehensive income for the year		-	270,666	270,666
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	31a)	-	(112,926)	(112,926)
<b>Balance at 30 June 2020</b>		<b>1,166,334</b>	<b>(313,245)</b>	<b>853,089</b>

The accompanying notes form part of these financial statements.



## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		3,246,878	3,007,817
Payments to suppliers and employees		(2,649,087)	(2,686,826)
Interest received		6,541	7,181
Interest paid		(111)	-
Lease payments (interest component)	11b)	(71,429)	-
Lease payments not included in the measurement of lease liabilities	11d)	(43,973)	-
Dividends received		50	-
Income taxes paid		(88,522)	(79,604)
<b>Net cash provided by operating activities</b>	<b>27</b>	<b>400,347</b>	<b>248,568</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(46,846)	(6,589)
Payments for intangible assets		-	(25,077)
<b>Net cash used in investing activities</b>		<b>(46,846)</b>	<b>(31,666)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		49,496	-
Repayment of loans and borrowings		(4,264)	-
Lease payments (principal component)	22a)	(69,703)	-
Dividends paid	31a)	(112,926)	(101,442)
<b>Net cash used in financing activities</b>		<b>(137,397)</b>	<b>(101,442)</b>
<b>Net cash increase in cash held</b>		<b>216,104</b>	<b>115,460</b>
Cash and cash equivalents at the beginning of the financial year		637,007	521,547
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13b)</b>	<b>853,111</b>	<b>637,007</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

For year ended 30 June 2020

## Note 1. Reporting entity

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

**Registered Office**  
5/13-17 Main Street  
Huonville TAS 7109

**Principal Place of Business**  
5/13-17 Main Street  
Huonville TAS 7109

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 30.

## Note 2. Basis of preparation and statement of compliance

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

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

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

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 2 October 2020.

## Note 3. Changes in accounting policies, standards and interpretations

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

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

### a) Definition of a lease

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

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

## Notes to the financial statements (continued)

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

#### b) As a lessee

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

#### Leases classified as operating leases under AASB 117

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

Right-of-use assets are measured at either:

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

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

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

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

#### c) As a lessor

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

#### d) Impact on financial statements

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

	Note	1 July 2019 \$
Impact on equity presented as increase (decrease)		
<b>Asset</b>		
Right-of-use assets - land and buildings	17b)	1,042,107
Deferred tax asset	19b)	101,243
<b>Liability</b>		
Lease liabilities	22a)	(1,354,872)
Provision for make-good	23b)	(55,391)
<b>Equity</b>		
<b>Accumulated losses</b>		<b>(266,913)</b>

## Notes to the financial statements (continued)

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

#### d) Impact on financial statements (continued)

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

	1 July 2019 \$
Lease liabilities reconciliation on transition	
Operating lease disclosure as at June 2019	348,451
Add: additional options now expected to be exercised	1,026,365
Add: variable market review / index based increase	467,348
Add: AASB 117 lease commitments reconciliation	26,907
Less: present value discounting	(514,199)
<b>Lease liability as at 1 July 2019</b>	<b>1,354,872</b>

### Note 4. Summary of significant accounting policies

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

#### a) Revenue from contracts with customers

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

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

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

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

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

#### Revenue calculation

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

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

# Notes to the financial statements (continued)

## Note 4. Summary of significant accounting policies (continued)

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

#### Margin

Margin is arrived at through the following calculation:

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

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

#### Commission

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

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

#### Fee income

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

#### Core banking products

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

#### Ability to change financial return

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

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

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

### b) Other revenue

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

Revenue stream	Revenue recognition policy
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).

## Notes to the financial statements (continued)

### Note 4. Summary of significant accounting policies (continued)

#### b) Other revenue (continued)

Revenue stream	Revenue recognition policy
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

#### Discretionary financial contributions

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

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

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

#### Cash flow boost

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

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

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

#### c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services

# Notes to the financial statements (continued)

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## Note 4. Summary of significant accounting policies (continued)

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

- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

### d) Employee benefits

#### Short-term employee benefits

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

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

#### Defined superannuation contribution plans

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

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

#### Other long-term employee benefits

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

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

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

### e) Taxes

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

#### Current income tax

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

#### Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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



# Notes to the financial statements (continued)

## Note 4. Summary of significant accounting policies (continued)

### e) Taxes (continued)

#### Deferred tax (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

#### Goods and Services Tax

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

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

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

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

### f) Cash and cash equivalents

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

### g) Property, plant and equipment

#### Recognition and measurement

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

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

#### Subsequent expenditure

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

#### Depreciation

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	4 to 40 years
Plant and equipment	Straight-line	1 to 40 years
Motor vehicles	Straight-line	5 to 8 years

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

# Notes to the financial statements (continued)

## Note 4. Summary of significant accounting policies (continued)

### h) Intangible assets

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

#### Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost.

#### Subsequent expenditure

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

#### Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset class	Method	Useful life
Franchise establishment fee	Straight-line	Over the franchise term (5 years)
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

### i) Financial instruments

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

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

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

#### Recognition and initial measurement

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

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

#### Classification and subsequent measurement

##### Financial assets

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

# Notes to the financial statements (continued)

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## Note 4. Summary of significant accounting policies (continued)

### **i) Financial instruments (continued)**

#### Classification and subsequent measurement (continued)

##### Financial assets (continued)

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

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

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

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

##### Financial assets - business model assessment

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

##### Financial assets - subsequent measurement and gains and losses

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

##### Financial liabilities - classification, subsequent measurement and gains and losses

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

#### Derecognition

##### Financial assets

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

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

##### Financial liabilities

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

# Notes to the financial statements (continued)

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## Note 4. Summary of significant accounting policies (continued)

### **i) Financial instruments (continued)**

#### Derecognition (continued)

##### Financial liabilities (continued)

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

#### Offsetting

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

### **j) Impairment**

#### Non-derivative financial assets

The company recognises a loss allowance for ECL on:

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

Loss allowance is not recognised for:

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

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

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

This approach is applicable to:

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

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

#### Recognition of expected credit losses in financial statements

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

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 14 days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2020.

#### Non-financial assets

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

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

# Notes to the financial statements (continued)

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## Note 4. Summary of significant accounting policies (continued)

### **k) Issued capital**

#### Ordinary shares

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

### **l) Provisions**

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

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

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

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

### **m) Leases**

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

#### Policy applicable from 1 July 2019

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

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

#### As a lessee

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

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

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

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

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

# Notes to the financial statements (continued)

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## Note 4. Summary of significant accounting policies (continued)

### **m) Leases (continued)**

#### Policy applicable from 1 July 2019 (continued)

##### As a lessee (continued)

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

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

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

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

##### Short-term leases and leases of low-value assets

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

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

##### As a lessor

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

#### Policy applicable before 1 July 2019

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

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

##### As a lessee

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

## Notes to the financial statements (continued)

### Note 4. Summary of significant accounting policies (continued)

#### m) Leases (continued)

##### Policy applicable before 1 July 2019 (continued)

##### As a lessee (continued)

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

##### As a lessor

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

#### n) Fair value measurement

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

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

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

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

The best evidence of the fair value of a financial instrument on initial recognition is the transaction price - i.e. the fair value of the consideration given or received.

#### o) Standards issued but not yet effective

There are no new Accounting Standards issued that are expected to have a material impact on the company's financial statements.

## Note 5. Significant accounting judgements, estimates, and assumptions

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

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

#### a) Judgements

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

Note	Judgement
- Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;
- Note 22 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;



## Notes to the financial statements (continued)

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

#### a) Judgements (continued)

Note	Judgement
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none"> <li>- the amount;</li> <li>- the lease term;</li> <li>- economic environment; and</li> <li>- other relevant factors.</li> </ul>

#### b) Assumptions and estimation uncertainties

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

Note	Assumptions
- Note 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 28 - fair value	determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
- Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 24 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 23 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

## Note 6. Financial risk management

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

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

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

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

#### a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

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

## Notes to the financial statements (continued)

### Note 6. Financial risk management (continued)

#### b) Liquidity risk

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

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

30 June 2020 Non-derivative financial liability	Contractual cash flows			
	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	1,342,424	159,443	659,041	1,014,438
Trade payables	20,511	20,511	-	-
	<b>1,362,935</b>	<b>179,954</b>	<b>659,041</b>	<b>1,014,438</b>
30 June 2019 Non-derivative financial liability	Contractual cash flows			
	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	4,264	4,264	-	-
Trade payables	(15)	(15)	-	-
	<b>4,249</b>	<b>4,249</b>	-	-

#### c) Market risk

##### Market risk

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

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

##### Price risk

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

##### Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$853,111 at 30 June 2020 (2019: \$637,007). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

## Note 7. Capital management

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

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

## Notes to the financial statements (continued)

### Note 7. Capital management (continued)

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2020 can be seen in the statement of profit or loss and other comprehensive income.

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

### Note 8. Revenue from contracts with customers

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

	2020 \$	2019 \$
Revenue from contracts with customers		
Revenue:		
- Revenue from contracts with customers	2,838,039	2,666,362
	<b>2,838,039</b>	<b>2,666,362</b>
Disaggregation of revenue from contracts with customers		
At a point in time:		
- Margin income	2,446,385	2,289,075
- Fee income	255,235	244,308
- Commission income	136,419	132,979
	<b>2,838,039</b>	<b>2,666,362</b>

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

### Note 9. Other revenue

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

	2020 \$	2019 \$
Other revenue		
Revenue:		
- Dividend and distribution income	50	43
- Market development fund income	74,167	80,000
- Cash flow boost	62,500	-
	<b>136,717</b>	<b>80,043</b>

## Notes to the financial statements (continued)

### Note 10, Finance income

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

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

	2020 \$	2019 \$
Finance income		
At amortised cost:		
- Term deposits	6,624	7,181
	<b>6,624</b>	<b>7,181</b>

### Note 11. Expenses

	2020 \$	2019 \$
<b>a) Depreciation and amortisation expense</b>		
Depreciation of non-current assets:		
- Leasehold improvements	21,369	21,456
- Plant and equipment	8,900	8,373
- Motor vehicles	4,084	4,656
	<b>34,353</b>	<b>34,485</b>
Depreciation of right-of-use assets		
- Leased land and buildings	85,962	-
- Leased motor vehicles	347	-
	<b>86,309</b>	<b>-</b>
Amortisation of intangible assets:		
- Franchise fee	6,300	21,090
- Franchise establishment fee	25,160	9,427
- Franchise renewal process fee	8,242	5,853
	<b>39,702</b>	<b>36,370</b>
<b>Total depreciation and amortisation expense</b>	<b>160,364</b>	<b>70,855</b>

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

	Note	2020 \$	2019 \$
<b>b) Finance costs</b>			
Finance costs:			
- Lease interest expense	22a)	71,429	-
- Unwinding of make-good provision		3,061	-
- Other		111	286
		<b>74,601</b>	<b>286</b>

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

## Notes to the financial statements (continued)

### Note 11. Expenses (continued)

	2020 \$	2019 \$
<b>c) Employee benefit expenses</b>		
Wages and salaries	1,363,847	1,338,047
Non-cash benefits	7,443	5,325
Contributions to defined contribution plans	125,887	125,850
Expenses related to long service leave	16,588	17,802
Other expenses	45,218	47,899
	<b>1,558,983</b>	<b>1,534,923</b>

### d) Recognition exemption

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

	2020 \$	2019 \$
Expenses relating to low-value leases	43,973	-
	<b>43,973</b>	<b>-</b>

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

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

## Note 12. Income tax expense

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

	2020 \$	2019 \$
<b>a) Amounts recognised in profit or loss</b>		
Current tax expense/(credit)		
- Current tax	73,584	72,848
- Movement in deferred tax	(92,260)	(6,111)
- Adjustment to deferred tax on AASB 16 retrospective application	101,243	-
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	8,553	-
- Under provision of tax in the prior period	-	4,212
	<b>91,120</b>	<b>70,949</b>

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of \$8,553 related to the remeasurement of deferred tax assets and liabilities of the company.

	2020 \$	2019 \$
<b>b) Prima facie income tax reconciliation</b>		
Operating profit before taxation	361,786	230,691
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	99,491	63,440

## Notes to the financial statements (continued)

### Note 12. Income tax expense (continued)

	2020 \$	2019 \$
<b>b) Prima facie income tax reconciliation (continued)</b>		
Tax effect of:		
- Non-deductible expenses	264	3,109
- Temporary differences	(8,983)	6,299
- Other assessable income	(17,188)	-
- Movement in deferred tax	(92,260)	(6,111)
- Leases initial recognition	101,243	-
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	8,553	-
- Under/(over) provision of income tax in the prior year	-	4,212
	<b>91,120</b>	<b>70,949</b>

### Note 13. Cash and cash equivalents

#### a) Cash and cash equivalents

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

	2020 \$	2019 \$
- Cash at bank and on hand	389,496	304,313
- Term deposits	463,615	332,694
	<b>853,111</b>	<b>637,007</b>

### Note 14. Trade and other receivables

	2020 \$	2019 \$
<b>a) Current assets</b>		
Trade receivables	238,270	218,906
Prepayments	10,935	29,417
Other receivables and accruals	766	683
	<b>249,971</b>	<b>249,006</b>

### Note 15. Other investments

The company classifies investments as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other investments are classified as non-current.

	2020 \$	2019 \$
<b>a) Non current investments</b>		
Unlisted investments		
South East District Financial Services Limited (Sorell)	1,000	1,000
Tasman Community Financial Services Limited (Nubeena)	1,000	1,000
	<b>2,000</b>	<b>2,000</b>

## Notes to the financial statements (continued)

### Note 16. Property, plant and equipment

	2020 \$	2019 \$
<b>a) Carrying amounts</b>		
Leasehold improvements (Geeveston/Dover)		
At cost	162,999	162,999
Less: accumulated depreciation	(84,484)	(78,575)
	<b>78,515</b>	<b>84,424</b>
Plant and equipment (Geeveston/Dover)		
At cost	121,645	121,645
Less: accumulated depreciation	(117,713)	(116,305)
	<b>3,932</b>	<b>5,340</b>
Leasehold improvements (Huonville)		
At cost	156,654	156,654
Less: accumulated depreciation	(64,611)	(60,779)
	<b>92,043</b>	<b>95,875</b>
Plant and equipment (Huonville)		
At cost	47,772	47,772
Less: accumulated depreciation	(35,537)	(33,340)
	<b>12,235</b>	<b>14,432</b>
Leasehold improvements (Boardroom Huonville)		
At cost	36,735	36,735
Less: accumulated depreciation	(9,770)	(8,511)
	<b>26,965</b>	<b>28,224</b>
Plant and equipment (Boardroom Huonville)		
At cost	16,894	16,894
Less: accumulated depreciation	(15,526)	(14,818)
	<b>1,368</b>	<b>2,076</b>
Leasehold improvements (Cygnet)		
At cost	165,514	165,514
Less: accumulated depreciation	(63,878)	(53,509)
	<b>101,636</b>	<b>112,005</b>
Plant and equipment (Cygnet)		
At cost	42,953	41,328
Less: accumulated depreciation	(32,186)	(27,599)
	<b>10,767</b>	<b>13,729</b>
Motor vehicles		
At cost	37,250	37,250
Less: accumulated depreciation	(37,250)	(33,166)
	-	<b>4,084</b>
<b>Total written down amount</b>	<b>327,461</b>	<b>360,189</b>

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



## Notes to the financial statements (continued)

### Note 16. Property, plant and equipment (continued)

	2020 \$	2019 \$
<b>b) Reconciliation of carrying amounts</b>		
Leasehold improvements (Geeveston/Dover)		
Carrying amount at beginning	84,424	90,420
Depreciation	(5,909)	(5,996)
<b>Carrying amount at end</b>	<b>78,515</b>	<b>84,424</b>
Plant and equipment (Geeveston/Dover)		
Carrying amount at beginning	5,340	2,982
Additions	-	3,250
Depreciation	(1,408)	(892)
<b>Carrying amount at end</b>	<b>3,932</b>	<b>5,340</b>
Leasehold improvements (Huonville)		
Carrying amount at beginning	95,875	99,707
Depreciation	(3,832)	(3,832)
<b>Carrying amount at end</b>	<b>92,043</b>	<b>95,875</b>
Plant and equipment (Huonville)		
Carrying amount at beginning	14,432	14,868
Additions	-	1,625
Depreciation	(2,197)	(2,061)
<b>Carrying amount at end</b>	<b>12,235</b>	<b>14,432</b>
Leasehold improvements (Boardroom Huonville)		
Carrying amount at beginning	28,224	29,483
Depreciation	(1,259)	(1,259)
<b>Carrying amount at end</b>	<b>26,965</b>	<b>28,224</b>
Plant and equipment (Boardroom Huonville)		
Carrying amount at beginning	2,076	1,277
Additions	-	1,714
Depreciation	(708)	(915)
<b>Carrying amount at end</b>	<b>1,368</b>	<b>2,076</b>
Leasehold improvements (Cygnet)		
Carrying amount at beginning	112,005	122,374
Depreciation	(10,369)	(10,369)
<b>Carrying amount at end</b>	<b>101,636</b>	<b>112,005</b>
Plant and equipment (Cygnet)		
Carrying amount at beginning	13,729	18,234
Additions	1,625	-
Depreciation	(4,587)	(4,505)
<b>Carrying amount at end</b>	<b>10,767</b>	<b>13,729</b>
Motor vehicles		
Carrying amount at beginning	4,084	8,740
Depreciation	(4,084)	(4,656)
<b>Carrying amount at end</b>	<b>-</b>	<b>4,084</b>
<b>Total written down amount</b>	<b>327,461</b>	<b>360,189</b>

## Notes to the financial statements (continued)

### Note 16. Property, plant and equipment (continued)

#### c) Changes in estimates

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

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

### Note 17. Right-of-use assets

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

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

	Note	2020 \$	2019 \$
<b>a) Carrying amounts</b>			
Leased land and buildings			
At cost		1,656,005	-
Less: accumulated depreciation and impairment		(692,101)	-
		<b>963,904</b>	-
Leased motor vehicles			
At cost		45,221	-
Less: accumulated depreciation and impairment		(347)	-
		<b>44,874</b>	-
<b>Total written down amount</b>		<b>1,008,778</b>	-
<b>b) Reconciliation of carrying amounts</b>			
Leased land and buildings			
Carrying amount at beginning		-	-
Initial recognition on transition	3d)	1,648,246	-
Accumulated depreciation on adoption	3d)	(606,139)	-
Remeasurement adjustments		7,759	-
Depreciation		(85,962)	-
<b>Carrying amount at end</b>		<b>963,904</b>	-
Leased motor vehicles			
Additional right-of-use assets recognised		45,221	-
Depreciation		(347)	-
<b>Carrying amount at end</b>		<b>44,874</b>	-
<b>Total written down amount</b>		<b>1,008,778</b>	-

## Notes to the financial statements (continued)

### Note 18. Intangible assets

	2020 \$	2019 \$
<b>a) Carrying amounts</b>		
Franchise fee (Geeveston/Dover)		
At cost	78,344	78,344
Less: accumulated amortisation	(77,451)	(75,390)
	<b>893</b>	<b>2,954</b>
Franchise renewal process fee (Geeveston/Dover)		
At cost	113,381	113,381
Less: accumulated amortisation	(109,809)	(101,567)
	<b>3,572</b>	<b>11,814</b>
Franchise fee (Huonville)		
At cost	21,297	21,297
Less: accumulated amortisation	(20,398)	(18,139)
	<b>899</b>	<b>3,158</b>
Franchise renewal process fee (Huonville)		
At cost	126,484	126,484
Less: accumulated amortisation	(122,000)	(110,698)
	<b>4,484</b>	<b>15,786</b>
Franchise fee (Cygnet)		
At cost	13,135	13,135
Less: accumulated amortisation	(12,315)	(10,335)
	<b>820</b>	<b>2,800</b>
Franchise renewal process fee (Cygnet)		
At cost	91,942	91,942
Less: accumulated amortisation	(86,200)	(72,342)
	<b>5,742</b>	<b>19,600</b>
<b>Total written down amount</b>	<b>16,410</b>	<b>56,112</b>
<b>b) Reconciliation of carrying amounts</b>		
Franchise fee (Geeveston/Dover)		
Carrying amount at beginning	2,954	5,025
Amortisation	(2,061)	(2,071)
<b>Carrying amount at end</b>	<b>893</b>	<b>2,954</b>
Franchise renewal process fee (Geeveston/Dover)		
Carrying amount at beginning	11,814	20,083
Amortisation	(8,242)	(8,269)
<b>Carrying amount at end</b>	<b>3,572</b>	<b>11,814</b>
Franchise fee (Huonville)		
Carrying amount at beginning	3,158	5,272
Amortisation	(2,259)	(2,114)
<b>Carrying amount at end</b>	<b>899</b>	<b>3,158</b>

## Notes to the financial statements (continued)

### Note 18. Intangible assets (continued)

	2020 \$	2019 \$
<b>b) Reconciliation of carrying amounts (continued)</b>		
Franchise renewal process fee (Huonville)		
Carrying amount at beginning	15,786	26,359
Amortisation	(11,302)	(10,573)
<b>Carrying amount at end</b>	<b>4,484</b>	<b>15,786</b>
Franchise fee (Cygnet)		
Carrying amount at beginning	2,800	1,333
Additions	-	3,135
Amortisation	(1,980)	(1,668)
<b>Carrying amount at end</b>	<b>820</b>	<b>2,800</b>
Franchise renewal process fee (Cygnet)		
Carrying amount at beginning	19,600	9,333
Additions	-	21,942
Amortisation	(13,858)	(11,675)
<b>Carrying amount at end</b>	<b>5,742</b>	<b>19,600</b>
<b>Total written down amount</b>	<b>16,410</b>	<b>56,112</b>

### c) Changes in estimates

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

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

### Note 19. Tax assets and liabilities

	2020 \$	2019 \$
<b>a) Current tax</b>		
<b>Income tax payable</b>	<b>16,217</b>	<b>31,155</b>

### b) Deferred tax

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

	30 June 2019 \$	Recognised in profit or loss \$	Recognised in equity \$	30 June 2020 \$
<b>Deferred tax assets</b>				
- expense accruals	1,024	(1,024)	-	-
- employee provisions	76,553	(1,243)	-	75,310
- make-good provision	-	(36)	15,233	15,197
- lease liability	-	(36,142)	372,590	336,448
<b>Total deferred tax assets</b>	<b>77,577</b>	<b>(38,444)</b>	<b>387,822</b>	<b>426,955</b>

## Notes to the financial statements (continued)

### Note 19. Tax assets and liabilities (continued)

#### b) Deferred tax (continued)

	30 June 2019 \$	Recognised in profit or loss \$	Recognised in equity \$	30 June 2020 \$
<b>Deferred tax liabilities</b>				
- income accruals	188	12	-	200
- property, plant and equipment	12,850	15,043	-	27,893
- right-of-use assets	-	(35,964)	286,579	250,615
<b>Total deferred tax liabilities</b>	<b>13,038</b>	<b>(20,909)</b>	<b>286,579</b>	<b>278,708</b>
<b>Net deferred tax assets (liabilities)</b>	<b>64,539</b>	<b>(17,535)</b>	<b>101,243</b>	<b>148,247</b>

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

	30 June 2018 \$	Recognised in profit or loss \$	Recognised in equity \$	30 June 2019 \$
<b>Deferred tax assets</b>				
- expense accruals	2,019	(995)	-	1,024
- employee provisions	69,776	6,777	-	76,553
<b>Total deferred tax assets</b>	<b>71,795</b>	<b>5,782</b>	<b>-</b>	<b>77,577</b>
<b>Deferred tax liabilities</b>				
- income accruals	-	188	-	188
- property, plant and equipment	13,367	(517)	-	12,850
<b>Total deferred tax liabilities</b>	<b>13,367</b>	<b>(329)</b>	<b>-</b>	<b>13,038</b>
<b>Net deferred tax assets (liabilities)</b>	<b>58,428</b>	<b>6,111</b>	<b>-</b>	<b>64,539</b>

#### c) Uncertainty over income tax treatments

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

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

## Note 20. Trade creditors and other payables

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

	2020 \$	2019 \$
<b>a) Current liabilities</b>		
Trade creditors	20,511	(15)
Other creditors and accruals	55,933	136,810
	<b>76,444</b>	<b>136,795</b>

## Notes to the financial statements (continued)

### Note 21. Loans and borrowings

	2020 \$	2019 \$
<b>a) Current liabilities</b>		
Secured bank loans	-	4,264
	-	<b>4,264</b>

#### b) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2020		30 June 2019	
			Face value	Carrying value	Face value	Carrying value
Secured bank loans	7.05%	Floating	-	-	4,264	4,264

### Note 22. Lease liabilities

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

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

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

#### Lease portfolio

The company's lease portfolio includes:

- Huonville  
The lease agreement is a non-cancellable lease with an initial term of five years which commenced in August 2010. An extension option term of five years was exercised in August 2015 and in March 2016 the option to extend to 2025 was exercised. The lease has one further five year extension option available. The company is reasonably certain to exercise the final five-year lease term.
- Dover  
The lease agreement is a non-cancellable lease with an initial term of five years which commenced in May 2003. An extension option term of five years was exercised in 2008, 2013 and 2018. The lease has one further five year extension option available. The company is reasonably certain to exercise the final five-year lease term.
- Geeveston  
The lease agreement is a non-cancellable lease with an initial term of five years which commenced in May 2018. The lease has two further five year extension options available. The company is reasonably certain to exercise the final five-year lease term.
- Cygnet  
The lease agreement is a non-cancellable lease with an initial term of five years which commenced in August 2013. An extension option term of five years was exercised in August 2018. The lease has two further five year extension options available. The company is reasonably certain to exercise the final five-year lease term.
- Boardroom  
The lease agreement is a non-cancellable lease with an initial term of four years which commenced in June 2012. An extension option term of four years was exercised in June 2016 and in June 2020 an exercise option of five years was exercised. The lease has one further five year extension option available. The company is reasonably certain to exercise the final five-year lease term.

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

## Notes to the financial statements (continued)

### Note 22. Lease liabilities (continued)

#### a) Lease liability measurement

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

	Note	2020 \$	2019 \$
<b>Lease liabilities on transition</b>			
Balance at the beginning (finance lease liabilities)		-	-
Initial recognition on AASB 16 transition	3d)	1,354,872	-
Borrowing costs		49,496	-
Remeasurement adjustments		7,759	-
Lease payments - interest		71,429	-
Lease payments		(141,132)	-
		<b>1,342,424</b>	-
<b>b) Current lease liabilities</b>			
Property lease liabilities		146,241	-
Unexpired interest		(67,844)	-
		<b>78,397</b>	-
Motor Vehicle lease liabilities		13,202	-
Unexpired interest		(1,442)	-
		<b>11,760</b>	-
		<b>90,157</b>	-
<b>c) Non-current lease liabilities</b>			
Property lease liabilities		1,634,974	-
Unexpired interest		(419,342)	-
		<b>1,215,632</b>	-
Motor Vehicle lease liabilities		38,505	-
Unexpired interest		(1,870)	-
		<b>36,635</b>	-
		<b>1,252,267</b>	-
<b>d) Maturity analysis</b>			
- Not later than 12 months		159,443	-
- Between 12 months and 5 years		659,041	-
- Greater than 5 years		1,014,438	-
<b>Total undiscounted lease payments</b>		<b>1,832,922</b>	-
Unexpired interest		(490,498)	-
<b>Present value of lease liabilities</b>		<b>1,342,424</b>	-

## Notes to the financial statements (continued)

### Note 22. Lease liabilities (continued)

#### e) Impact on the current reporting period

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

#### Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is a decrease in profit after tax of \$15,056.

	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
Profit or loss - increase (decrease) in expenses			
- Occupancy and associated costs	140,032	(140,032)	-
- Depreciation and amortisation expense	-	86,309	86,309
- Finance costs	-	74,490	74,490
<b>Increase in expenses - before tax</b>	<b>140,032</b>	<b>20,767</b>	<b>160,799</b>
- Income tax expense / (credit) - current	(38,509)	38,509	-
- Income tax expense / (credit) - deferred	-	(44,220)	(44,220)
<b>Increase in expenses - after tax</b>	<b>101,523</b>	<b>15,056</b>	<b>116,579</b>

### Note 23. Provisions

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

	2020 \$	2019 \$
<b>a) Non-current liabilities</b>		
Make-good on leased premises	58,452	-
	<b>58,452</b>	<b>-</b>

#### b) Make-good provision

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

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

	Note	2020 \$	2019 \$
Provision			
Balance at the beginning		-	-
Face-value of make-good costs recognised	3d)	105,000	-
Present value discounting	3d)	(49,609)	-
Present value unwinding		3,061	-
		<b>58,452</b>	<b>-</b>



## Notes to the financial statements (continued)

### Note 23. Provisions (continued)

#### c) Changes in estimates

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

The lease's are due to expire on 30 April 2028, 31 May 2030, 31 July 2030, 30 April 2033 and 31 July 2033 at which time it is expected the face-value costs to restore the premises will fall due.

### Note 24. Employee benefits

	2020 \$	2019 \$
<b>a) Current liabilities</b>		
Provision for annual leave	91,554	80,731
Provision for long service leave	99,080	91,589
	<b>190,634</b>	<b>172,320</b>
<b>b) Non-current liabilities</b>		
Provision for long service leave	68,718	62,057
	<b>68,718</b>	<b>62,057</b>

#### c) Key judgement and assumptions

##### Employee attrition rates

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

### Note 25. Issued capital

#### a) Issued capital

	2020		2019	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,914,000	1,282,000	1,914,000	1,282,000
Less: equity raising costs	-	(115,666)	-	(115,666)
	<b>1,914,000</b>	<b>1,166,334</b>	<b>1,914,000</b>	<b>1,166,334</b>

#### b) Rights attached to issued capital

##### Ordinary shares

##### Voting rights

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

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

## Notes to the financial statements (continued)

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### Note 25. Issued capital (continued)

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

##### Ordinary shares (continued)

##### Voting rights (continued)

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

##### Dividends

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

##### Transfer

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

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

##### Prohibited shareholding interest

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

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

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

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

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

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

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

## Notes to the financial statements (continued)

### Note 26. Accumulated losses

	Note	2020 \$	2019 \$
Balance at beginning of reporting period		(204,072)	(262,372)
Adjustment for transition to AASB 16	3d)	(266,913)	-
Net profit after tax from ordinary activities		270,666	159,742
Dividends provided for or paid	31a)	(112,926)	(101,442)
<b>Balance at end of reporting period</b>		<b>(313,245)</b>	<b>(204,072)</b>

### Note 27. Reconciliation of cash flows from operating activities

	2020 \$	2019 \$
Net profit after tax from ordinary activities	270,666	159,742
Adjustments for:		
- Depreciation	120,662	34,485
- Amortisation	39,702	36,370
- (Reversal of) impairment losses on property, plant and equipment	-	-
- Impairment losses on intangible assets	-	-
- (Increase)/decrease in fair value of investment property	-	-
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	-	-
- (Profit)/loss on disposal of non-current assets	-	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(965)	(9,234)
- (Increase)/decrease in other assets	17,535	(6,111)
- Increase/(decrease) in trade and other payables	(60,350)	34,415
- Increase/(decrease) in employee benefits	24,975	1,445
- Increase/(decrease) in provisions	3,060	-
- Increase/(decrease) in tax liabilities	(14,938)	(2,544)
<b>Net cash flows provided by operating activities</b>	<b>400,347</b>	<b>248,568</b>

### Note 28. Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2020 \$	2019 \$
<b>Financial assets</b>			
Trade and other receivables	14	239,036	219,589
Equity securities	15	2,000	2,000
Cash and cash equivalents	13	389,496	304,313
Term deposits	13	463,615	332,694
		<b>1,094,147</b>	<b>858,596</b>

## Notes to the financial statements (continued)

### Note 28. Financial instruments (continued)

	Note	2020 \$	2019 \$
<b>Financial liabilities</b>			
Trade and other payables	20	20,511	(15)
Secured bank loans	21	-	4,264
Lease liabilities	22	1,342,424	-
		<b>1,362,935</b>	<b>4,249</b>

### Note 29. Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2020 \$	2019 \$
Audit and review services		
- Audit and review of financial statements	5,700	5,500
	<b>5,700</b>	<b>5,500</b>
Non audit services		
- Taxation advice and tax compliance services	1,300	1,495
- General advisory services	3,350	1,830
- Share registry services	4,855	6,343
	<b>9,505</b>	<b>9,668</b>
<b>Total auditor's remuneration</b>	<b>15,205</b>	<b>15,168</b>

### Note 30. Related parties

#### a) Details of key management personnel

The directors of the company during the financial year were:

Michael Anthony Lynch	Brent Andrew Hardy	Jillian Kay Griggs
David Allen Brereton	Sally Ann Doyle	Pamela Maree Lane
David Lindsay Walker	Kenneth Norman Langston	Janet Ann Storan (resigned 4 June 2020)

#### b) Key management personnel compensation

	2020 \$	2019 \$
Key management personnel compensation comprised the following.		
Employee benefits	28,887	65,711
	<b>28,887</b>	<b>65,711</b>

Compensation of the company's key management personnel includes salaries and superannuation.

#### c) Related party transactions

No director or related entity has entered into a material contract with the company.

## Notes to the financial statements (continued)

### Note 31. Dividends provided for or paid

#### a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the Statement of Changes in Equity and the Statement of Cash Flows.

	30 June 2020		30 June 2019	
	Cents	\$	Cents	\$
Fully franked dividend	5.90	112,926	5.30	101,442
<b>Total dividends paid during the financial year</b>	<b>5.90</b>	<b>112,926</b>	<b>5.30</b>	<b>101,442</b>

The tax rate at which dividends have been franked is 27.5% (2019: 27.5%).

	2020	2019
	\$	\$

#### b) Franking account balance

Franking credits available for subsequent reporting periods

Franking account balance at the beginning of the financial year	55,549	14,423
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded) 46,538		71,266
- Franking credits/(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	17,257	33,066
- Franking debits from the payment of franked distributions	(42,834)	(38,478)
<b>Franking account balance at the end of the financial year</b>	<b>101,238</b>	<b>55,549</b>
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	16,217	31,155
<b>Franking credits available for future reporting periods</b>	<b>117,455</b>	<b>86,704</b>

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

### Note 32. Earnings per share

#### a) Basic and diluted earnings per share

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

	2020	2019
	\$	\$
<b>Profit attributable to ordinary shareholders</b>	<b>270,666</b>	<b>159,742</b>
	Number	Number
<b>Weighted-average number of ordinary shares</b>	<b>1,914,000</b>	<b>1,914,000</b>
	Cents	Cents
<b>Basic and diluted earnings per share</b>	<b>14.14</b>	<b>8.35</b>

## Notes to the financial statements (continued)

### Note 33. Commitments

#### a) Lease commitments

Following the adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can be found in 'Lease liabilities' (Note 22).

	2020 \$	2019 \$
Operating lease commitments - lessee		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	-	139,202
- between 12 months and 5 years	-	209,249
<b>Minimum lease payments payable</b>	<b>-</b>	<b>348,451</b>

#### b) Other commitments

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

### Note 34. Contingencies

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

### Note 35. Subsequent events

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

# Directors' declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



**Michael Anthony Lynch,**  
**Chairman**

Dated this 2nd day of October 2020

# Independent audit report



Chartered Accountants

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

## Independent auditor's report to the members of Huon Valley Financial Services Limited

### Report on the audit of the financial report

#### Our opinion

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

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

#### What we have audited

Huon Valley Financial Services Limited's (the company) financial report comprises the:

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

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

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

#### Other information

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





Chartered Accountants

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

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

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

#### **Directors' responsibility for the financial report**

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

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

#### **Auditor's responsibility for the audit of the financial report**

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated: 2 October 2020

**Joshua Griffin**  
Lead Auditor

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13 Church Street, Geeveston TAS 7116  
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Web: [bendigobank.com.au/geeveston](http://bendigobank.com.au/geeveston)

Community Bank - Dover  
Shop 4, Southgate Shopping Centre,  
Main Road, Dover TAS 7117  
Phone: 03 6298 1959 Fax: 03 6298 1959  
Web: [bendigobank.com.au/dover](http://bendigobank.com.au/dover)

Community Bank - Huonville  
11 Main Street, Huonville TAS 7109  
Phone: 03 6264 2264 Fax: 03 6264 2882  
Web: [bendigobank.com.au/huonville](http://bendigobank.com.au/huonville)

Community Bank - Cygnet & District  
43 Mary Street, Cygnet TAS 7112  
Phone: 03 6295 0445 Fax: 03 6295 0161  
[www.bendigobank.com.au/cygnet](http://www.bendigobank.com.au/cygnet)

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 **Bendigo Bank**