Annual Report 2020

Maffra & District Community Financial Services Limited

Community Bank
Maffra & District

ABN 14 600 481 178

Contents

Chairman's report

For year ending 30 June 2020

On behalf of Maffra & District Community Financial Services Limited, I am pleased to present our sixth Annual Report.

We continue to work closely with and are supported by the Bendigo and Adelaide Bank Limited in our endeavours to ensure that our customers have the best possible experience.

This has been another extremely difficult year for our community – drought, bushfires and pandemic have had a major impact on the way we live our lives. Throughout these challenging times the bank has remained open and assisted customers.

Notwithstanding these pressures the bank has again had an excellent year with continued growth, we have exceeded our projected targets and thanks to our excellent financial position have been able to pay our first dividend to shareholders. Renee, our Manager has again done an exceptional job developing and growing our business in difficult circumstances and constantly striving for the pursuit of excellence in client service.

Since the bank commenced operations, we have invested more than $125,000 back into the community. Unfortunately, the current environment and the downturn of community activity has resulted in less funds being allocated than would normally take place. However, we have still supported a number of local projects (refer page 5).

Staffing has been a challenge particularly with the loss of our Customer Relationship Officer (CRO) late in 2019. We have been fortunate that Sam Shingles our Customer Service Officer has stepped up and taken on the CRO role. Danielle Brown has continued as our Customer Service Officer. Although we have been understaffed for the last six months however Renee and her team have worked extremely well and taken on the extra workload to maintain our excellent customer service.

This year we have been fortunate to have the services of Michelle Wright who has tirelessly carried out the secretarial work of the Board. She has recorded minutes, sent out agendas, dealt with correspondence and published our monthly Newsletter under Board supervision.

The Board has established a Marketing Committee to promote the activities of the Bank under the leadership of Board Member Linda Hunt. The Board has continued to meet monthly via Zoom, and I thank all members for their time and commitment to the organisation.

Finally, thank you to the community, shareholders and customers for your continued support. The challenges will continue in 2020/21 but with a positive and dedicated staff and supportive Board we are well placed to meet those challenges and continue to grow.

Rob Christie
Chairman

Manager's report

For year ending 30 June 2020

In what has been an extremely challenging 12 months in both Maffra and its surrounding communities, Community Bank Maffra and District has yet again managed to exceed expectations and projected targets, showing unprecedented growth in both Loans and Deposits for the 2019/20 financial year. This growth has helped us exceed our budgeted profit and I am very pleased to say that we reached the exciting milestone of the first dividend being paid to shareholders since the branch's inception five years ago.

Our Deposit growth saw an extraordinary 3927% increase upon the conservatively budgeted figure of $200,000. The final figure for Financial Year 2019/20 totalling $7,852,170. Our Loans Growth also well exceeded it's budgeted total by almost $2 million!

Faced with the ramifications of bushfires, drought, and the COVID-19 pandemic, this is a truly amazing result. The team rallied to continually promote the brand and support our customers throughout what to some would have been the toughest time in their lives.

October 2019 saw the branch lose their Customer Relationship Officer, Kerrie McColl, due to family commitments. Backfill of this role proved to be quite a challenge in finding someone with both the skills and behaviours to complement the existing branch staff. This appointment was made with Sam Shingles, our existing Senior Customer Service Officer who was happy to take the next step in her banking career and who is now excelling as our new Customer Relationship Officer.

To say I am proud of the dedication of the team throughout these testing times is an understatement. Their commitment to the branch was extremely admirable, with many days of understaffing and growing workloads, an increasing customer base, uncertainty within the community and the world as a whole and enforced restrictions limiting and modifying their interactions causing an understandable pressure to their role and their working environment. Having said that, from adversity comes strength and a strong sense of community. We were extremely pleased and humbled to receive many commendations and messages of gratitude from our customers, existing and new, throughout this year for our excellence in customer service and our care and support shown for both them and our community.

Unfortunately, the challenging environment that we have been enduring over the past 12 months has not been conducive to fundraising activities, with restrictions limiting community functions, meetings, presentations and events. We did however still manage to proudly financially support some great local organisations, groups and community projects and, more importantly, we have still managed to build genuine relationships, partnerships and our brand in the community.

We are grateful that, year upon year, the Board and its members have supported our endeavours and ideas and the results we have achieved this financial year could not have been achieved without this support and that of our amazing customers, shareholders, and the local communities – we thank you all.

Renee Vidler
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

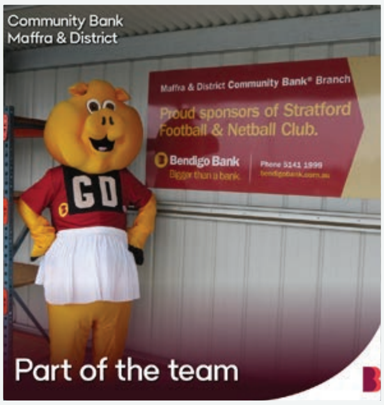
If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in.

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

Mark Cunneen

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Sponsorship 2019/20



Sponsorship recipient list for 2019/20

Dargo Bush Nursing Association	Maffra Golf Club
Maffra Lawn Tennis	Valencia Creek Hall
Stratford Recreation Reserve	Box Rally's
Maffra Secondary College	Maffra Agricultural Society
Maffra Cricket Club	St John's Anglican Church
Maffra Municipal Band	Stratford Primary School
Maffra Tourism and Business Association	Maffra Municipal Band

Directors' report

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

Directors

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

Directors	**Details**
Robert William Christie	
Position	Chairperson
Professional qualifications	Bachelor of Arts, Diploma of Education
Experience and expertise	Former Primary School Principal. Involved in Briagolong Lions Club, 5 Star Project Sale, Briagolong Tourism Association, Wellington Regional Tourism and Briagolong - Halls Creek Indigenous Trust.

Ryan James Crawford	
Position	Secretary
Professional qualifications	Lawyer- LL.B (Hons) B.Com. GDLP - Member of the Law Institute of Victoria
Experience and expertise	Ryan's qualifications and experience include Practicing Australian Legal Practitioner since January 2012 at a local law firm in Maffra. Involved with/member of Maffra Bowls Club, Maffra Hockey Club, Maffra Squash and Racquetball Club, Gippsland Vehicle Collection, Maffra Dramatic Society and Maffra Community Sports Club.

Kylie Maree Hadden	
Position	Deputy Chair
Professional qualifications	Advanced Diploma Hospitality Studies
Experience and expertise	Owner operator of a local Jewellers (2000- present). Maffra Playgroup (secretary) 3yrs. Glassford Kindergarten (President). Maffra Primary School P&F (treasurer) 6yrs and Maffra Primary School Mardi Gras Committee (treasurer). Associated with Maffra Basketball, Maffra Angling Club & Maffra Secondary College.

Tomas Justin Pritchett	
Position	Treasurer
Professional qualifications	Diploma of Accounting, Member of The Tax Institute
Experience and expertise	Accountant with local Accounting firm, 17 years' experience in a public accounting practice. Treasurer Stradroke Cricket Club for last 9 years.

Neil Joseph Gannon	
Position	Director
Professional qualifications	AICD & Qualified as diesel mechanic.
Experience and expertise	Owner Manager of irrigation dairy farm. Past Board member of Gippsland and Southern Rural Water Corporation and Gippsland Herd Improvement. Current East Gippsland representative of Victorian Farmers Federation Water Resources Committee and Secretary of Tinamba Public Hall Inc.

Helen Ann Montague	
Position	Director
Professional qualifications	Registered Division 1 Nurse, Community Emergency Facilitator, Advanced Diploma of Public Safety-
Experience and expertise	Vice Chair Stretton Park Board of Management, Secretary of Wellington Shire Heritage Network(WSHN), Secretary- Boisdale & District Progress Association, Boisdale & District History Group and Secretary of Boisdale Stables Sub-Committee. Committee Member of Boisdale Public Hall, Valencia Soldier's Memorial Hall and Boisdale-Briagolong Red Cross. Member of Maffra State Emergency Service and Warden of St George's Church Boisdale, for Anglican Parish of Maffra.

Directors (continued)

Peter Young	
Position	Director
Professional qualifications	Diploma of Agriculture and Diploma of Valuation and Farm Management
Experience and expertise	Past President Briagolong and District Lions Club, Briagolong Junior Football Club, Gippsland Sheep Breeders Assoc., and life member of Gippsland Sheep Breeders Assoc. and the Briagolong CFA.

Linda Hunt	
Position	Director
Professional qualifications	Diploma of Business
Experience and expertise	Involved with/member of Maffra Business and Tourism Association, Maffra Basketball Association, Maffra Tennis Association and Maffra Junior Football Club & secretary of St Mary's Primary School Parents and Friends Committee.

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	**A**	**B**
Robert William Christie	11	11
Ryan James Crawford	11	9
Kylie Maree Hadden	11	11
Tomas Justin Pritchett	11	11
Neil Joseph Gannon	11	11
Helen Ann Montague	11	8
Peter Young	11	10
Linda Hunt	5	5

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Ryan Crawford has been the Company Secretary of Maffra & District Community Financial Services Limited since 2016.

Ryan's qualifications and experience include Practicing Australian Legal Practitioner since January 2012 at a local law firm in Maffra. Lawyer- LL.B (Hons) B.Com. GDLP - Member of the Law Institute of Victoria. Involved with/member of Maffra Bowls Club, Maffra Hockey Club, Maffra Squash and Racquetball Club, Gippsland Vehicle Collection and Maffra Community Sports Club.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $62,436 (2019 profit: $41,363), which is a 50.9% increase as compared with the previous year.

New Accounting Standards Implemented

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

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

COVID-19 Impact on Operations

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

Dividends

An unfranked final dividend of 2.0 cents per share was declared and paid from the profits for the year ended 30 June 2019.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 10 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management

Name	Balance at 30 June 2019	Net change in holdings	Balance at 30 June 2020
Directors			
Robert William Christie	5,001	-	5,001
Ryan James Crawford	5,001	-	5,001
Kylie Maree Hadden	5,001	-	5,001
Tomas Justin Pritchett	3,001	-	3,001
Neil Joseph Gannon	2,001	-	2,001
Helen Ann Montague	5,000	-	5,000
Peter Young	-	-	-
Linda Hunt	-	-	-

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Signed in accordance with a resolution of the Board of Directors at Maffra on 14th January 2021.

Robert Christie
Director

Auditor's independence declaration

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Bendigo, Victoria
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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Maffra & District Community Financial Services Limited

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

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

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

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 14 January 2021

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Maffra District Community Financial Services Limited
ABN 14 600 481 178
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	549,577	558,490
Expenses			
Employee benefits expense	3	(270,348)	(287,014)
Depreciation and amortisation	3	(57,077)	(38,072)
Finance costs	3	(9,839)	-
Administration and general costs		(65,945)	(64,423)
Occupancy expenses		(20,391)	(42,427)
IT expenses		(16,934)	(25,467)
Agent Commission		(555)	(170)
		(441,089)	(457,573)
Operating profit before charitable donations and sponsorship		**108,488**	**100,917**
Charitable donations and sponsorship		(18,343)	(39,233)
Profit before income tax		**90,145**	**61,684**
Income tax expense	4	(27,709)	(20,321)
Profit for the year after income tax		**62,436**	**41,363**
Other comprehensive income		-	-
Total comprehensive income for the year		**62,436**	**41,363**
Profit attributable to members of the company		62,436	41,363
Total comprehensive income attributable to members of the company		**62,436**	**41,363**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	19	7.12	4.72

The accompanying notes form part of these financial statements

Maffra District Community Financial Services Limited
ABN 14 600 481 178
Statement of Financial Position
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	370,009	203,256
Trade and other receivables	6	47,839	49,254
Financial assets	7	9,154	76,720
Other assets	8	18,399	10,264
Total current assets		**445,401**	**339,494**
Non-current assets			
Property, plant and equipment	9	158,417	171,643
Right of use asset	9	205,376	-
Intangible assets	10	148,895	168,786
Deferred tax assets	4	16,661	44,518
Total non-current assets		**529,349**	**384,947**
Total assets		**974,750**	**724,441**
Liabilities			
Current liabilities			
Trade and other payables	12	33,726	44,576
Leases	14	17,164	-
Provisions	15	9,717	4,762
Total current liabilities		**60,607**	**49,338**
Non-current liabilities			
Leases	14	192,511	-
Provisions	15	3,098	1,314
Deferred tax liability	4	97	244
Total non-current liabilities		**195,706**	**1,558**
Total liabilities		**256,313**	**50,896**
Net assets		**718,437**	**673,545**
Equity			
Issued capital	16	848,030	848,030
Accumulated losses	17	(129,593)	(174,485)
Total equity		**718,437**	**673,545**

The accompanying notes form part of these financial statements

Maffra District Community Financial Services Limited
ABN 14 600 481 178
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019		**848,030**	**(174,485)**	**673,545**
Comprehensive income for the year				
Profit for the year		-	62,436	62,436
		-	**62,436**	**62,436**
Transactions with owners in their capacity as owners				
Dividends paid or provided	18	-	(17,544)	(17,544)
Balance at 30 June 2020		**848,030**	**(129,593)**	**718,437**
Balance at 1 July 2018		**848,030**	**(215,848)**	**632,182**
Comprehensive income for the year				
Profit for the year		-	41,363	41,363
		-	**41,363**	**41,363**
Balance at 30 June 2019		**848,030**	**(174,485)**	**673,545**

The accompanying notes form part of these financial statements

Maffra District Community Financial Services Limited
ABN 14 600 481 178
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		602,660	611,929
Payments to suppliers and employees		(459,568)	(513,583)
Dividends received		3,138	3,050
Interest paid		(9,839)	-
Net cash flows provided by operating activities	20b	**136,391**	**101,396**
Cash flows from investing activities			
Proceeds from sale of investments		68,421	-
Purchase of property, plant and equipment		(3,250)	(877)
Purchase of investments		(854)	(18,319)
Net cash flows from/(used in) investing activities		**64,317**	**(19,196)**
Cash flows from financing activities			
Repayment of lease liabilities		(16,411)	-
Dividends paid		(17,544)	-
Net cash flows from/(used in) financing activities		**(33,955)**	**-**
Net increase in cash held		**166,753**	**82,200**
Cash and cash equivalents at beginning of financial year		203,256	121,056
Cash and cash equivalents at end of financial year	20a	**370,009**	**203,256**

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2020

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

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

The financial statements were authorised for issue by the Directors on 14 January 2021.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard. With the exception of Goodwill all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's recoverable amount exceeds its carrying amount.

(c) Goods and services tax (GST)

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

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

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

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

Impairment

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

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

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

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

AASB 16 *Leases*

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

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

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

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

1. Summary of significant accounting policies (continued)

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

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

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

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

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

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

Total operating lease commitments disclosed at 30 June 2019	21,875
Recognition exemptions:	
Variable lease payments not recognised	262,500
Operating lease liabilities before discounting	**284,375**
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	226,086

Lease liability as at 1 July 2019	
Represented by:	
Current lease liabilities	17,164
Non-current lease liabilities	208,922
	226,086

Adjustments recognised in the balance sheet on 1 July 2019

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

	30 June 2020 $	1 July 2019 $
Properties	205,376	226,086
Total right-of-use assets	**205,376**	**226,086**

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

Balance sheet item	Effect	Amount
Property, plant and equipment	Increase	226,086
Lease liabilities	Increase/Decrease	226,086

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies

Accounting policy applicable from 1 July 2019

The Company as a lessee

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

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

Measurement and recognition of leases as a lessee

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

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

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

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Accounting policy applicable before 1 July 2019
The Company as a lessee
Finance leases
Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

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

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

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

Impact of standards issued but not yet applied by the entity

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

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

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

AASB 1059 Service Concession Arrangements: Grantors
The standard applies to both not-for-profit and for-profit public sector entities that are grantors in a service concession arrangement. These are arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector entity for a specified period of time and managing at least some of those services.

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

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

2. Revenue

	2020 $	2019 $
Revenue		
- service commissions	536,439	555,200
	536,439	555,200
Other revenue		
- interest received	3,138	3,050
- other revenue	10,000	240
	13,138	3,290
Total revenue	**549,577**	**558,490**

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

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

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

Other revenue is recognised when the right to the income has been established.

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

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

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

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

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

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

2. Revenue (continued)

Discretionary Financial Contributions

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

Form and Amount of Financial Return

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

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

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

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

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

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

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

c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

3. Expenses

	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	230,306	252,003
- superannuation costs	21,200	22,301
- other costs	18,842	12,710
	270,348	287,014
Depreciation and amortisation		
Depreciation		
- leasehold improvements	12,620	12,561
- plant and equipment	3,856	3,511
- right of use	20,710	-
	37,186	16,072

3. Expenses (continued)

	2020 $	2019 $
Amortisation		
- franchise fees	1,809	2,000
- establishment costs	18,082	20,000
	19,891	22,000
Total depreciation and amortisation	57,077	38,072
Finance costs		
- Interest paid	9,839	-
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	5,250	4,900
	5,250	4,900

Operating expenses

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

Depreciation

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

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

Class of asset	*Rate*	*Method*
Leasehold improvements	2.5-40%	Straight line
Plant and equipment	2.5-15%	Straight line
Franchise fees & establishment costs	20%	Straight line
Right of use assets	10%	Straight line

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

Gains/losses upon disposal of non-current assets

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

4. Income tax

	2020 $	2019 $
a. The components of tax expense comprise:		
Current tax expense	34,388	18,969
Deferred tax expense	27,709	20,321
Recoupment of prior year tax losses	(34,388)	(18,969)
	27,709	20,321
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2019: 27.5%)	24,790	16,963
Add tax effect of:		
- Other deductible expenses	-	(1,605)
- Non-assessable income	5,669	4,963
- Non-deductible expenses	(2,750)	-
Income tax attributable to the entity	27,709	20,321
The applicable weighted average effective tax rate is:	30.74%	32.94%
c. Current tax liability		
Current tax	34,388	18,969
Recoupment of PY tax losses	(34,388)	(18,969)
	-	-
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
ROU assets and lease liabilities from AASB 16	3,888	-
Accruals	2,400	1,610
Employee provisions	3,524	1,671
Unused tax losses	6,849	41,237
	16,661	44,518
Deferred tax liabilities comprise:		
Accrued income	97	244
	97	244
Net deferred tax asset	16,564	44,274
Total carried forward tax losses not recognised as deferred tax assets:	-	-
e. Deferred income tax included in income tax expense comprises:		
Decrease in deferred tax assets	27,857	20,266
(Decrease) / increase in deferred tax liabilities	(147)	55
	27,709	20,321

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

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

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

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:
- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects nether accounting profit nor taxable profit (tax loss).

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

4. Income tax (continued)

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

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

5. Cash and cash equivalents

	2020 $	2019 $
Cash at bank and on hand	164,208	110,687
Short-term bank deposits	205,801	92,569
	370,009	**203,256**

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

The effective interest rate on short-term bank deposits was 1% (2019: 2%); these deposits have an average maturity of 90 days.

6. Trade and other receivables

	2020 $	2019 $
Current		
Trade receivables	47,839	49,254
	47,839	**49,254**

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

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

Credit risk

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

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

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

6. Trade and other receivables (continued)

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2020	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	47,839	47,839	-	-	-	-
Total	**47,839**	**47,839**	**-**	**-**	**-**	**-**
2019						
Trade receivables	49,254	49,254	-	-	-	-
Total	**49,254**	**49,254**	**-**	**-**	**-**	**-**

7. Financial assets

	2020 $	2019 $
Amortised cost		
Term deposits	9,154	76,720
	9,154	76,720

The effective interest rate on the bank deposit was 1.2% (2019: 2.1%). This deposit has a term of 6 months, maturing on 10 August 2020.

(a) Classification of financial assets
The company classifies its financial assets at amotised cost.

Classifications are determined by both:
- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets.

(b) Measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

7. Financial assets (continued)

(c) Impairment of financial assets

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

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

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

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

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

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

(d) Derecognition

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

8. Other assets

	2020 $	2019 $
Prepayments	18,046	8,875
Security bond	-	500
Other	353	889
	18,399	**10,264**

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

9. Property, plant and equipment

	2020 $ At cost	2020 $ Accumulated depreciation	2020 $ Written down value	2019 $ At cost	2019 $ Accumulated depreciation	2019 $ Written down value
Leasehold improvements	199,442	(64,067)	135,375	199,442	(51,447)	147,995
Plant and equipment	41,032	(17,990)	23,042	37,782	(14,134)	23,648
Total property, plant and equipment	**240,474**	**(82,057)**	**158,417**	**237,224**	**(65,581)**	**171,643**

Plant and equipment

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

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

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

Leased assets

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

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

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

(a) Capital expenditure commitments

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

9. Property, plant and equipment (continued)

(b) Movements in carrying amounts of PP&E

2020	Leasehold Improvements $	Plant & Equipment $	Total $
Opening carrying value	147,995	23,648	171,643
Adjustment for adoption of AASB 16	-	-	-
Restated opening net book amount	147,995	23,648	171,643
Additions	-	3,250	3,250
Depreciation	(12,620)	(3,856)	(16,476)
Closing carrying value	**135,375**	**23,042**	**158,417**

2019	Leasehold Improvements $	Plant & Equipment $	Total $
Opening carrying value	160,556	26,282	186,838
Additions	-	877	877
Depreciation	(12,561)	(3,511)	(16,072)
Closing carrying value	**147,995**	**23,648**	**171,643**

9. Property, plant and equipment (continued)

(c) Right of use assets

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

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

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

	Leased Building	Total Right of use asset
	$	$
Leased Asset	226,086	226,086
Accumulated depreciation	(20,710)	(20,710)
	205,376	**205,376**

Movements in carrying amounts:

	Leased Building	Total Right of use asset
Recognised on initial application of AASB 16		
- previously classified as operating leases	226,086	226,086
Depreciation expense	(20,710)	(20,710)
Net carrying amount	**205,376**	**205,376**

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

	2020
	$
Depreciation charge related to right-of-use assets	20,710
Interest expense on lease liabilities	9,839
Total cash outflows for leases	26,250

10. Intangible assets

	2020 $ At cost	2020 $ Accumulated amortisation	2020 $ Written down value	2019 $ At cost	2019 $ Accumulated amortisation	2019 $ Written down value
Franchise fees	10,000	(10,000)	-	10,000	(8,191)	1,809
Establishment costs	100,000	(100,000)	-	100,000	(81,918)	18,082
Goodwill	148,895	-	148,895	148,895	-	148,895
Total intangible assets	**258,895**	**(110,000)**	**148,895**	**258,895**	**(90,109)**	**168,786**

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

Goodwill relates to the amount paid for the purchase of business from an unrelated agency. Goodwill is tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows, and determines a suitable interest rate in order to calculate the present value of those cash flows.

Movements in carrying amounts

2020	Opening written down value $	Amortisation $	Closing written down value $
Franchise fees	1,809	(1,809)	-
Establishment costs	18,082	(18,082)	-
Goodwill	148,895	-	148,895
Total intangible assets	**168,786**	**(19,891)**	**148,895**

2019	Opening written down value $	Amortisation $	Closing written down value $
Franchise fees	3,809	(2,000)	1,809
Establishment costs	38,082	(2,000)	36,082
Goodwill	148,895	-	148,895
Total intangible assets	**190,786**	**(4,000)**	**186,786**

11. Financial liabilities

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

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

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

12. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade creditors	14,258	29,866
Other creditors and accruals	19,468	14,710
	33,726	**44,576**

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

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

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

14. Leases

	2020 $	2019 $
Current		
Property Leases	17,164	-
	17,164	**-**
Non-current		
Property Leases	192,511	-
	192,511	**-**
Total leases	**209,675**	**-**

The Company has leases for property. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as a lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 9).

14. Leases (continued)

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

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

	Minimum lease payments due				
	Within 1 year	**1-2 Years**	**3-5 years**	**After 5 years**	**Total**
30 June 2020					
Lease payments	26,251	26,250	78,750	126,875	258,126
Finance charges	(9,087)	(8,298)	(19,811)	(11,255)	(48,451)
Net present values	**17,164**	**17,952**	**58,939**	**115,620**	**209,675**
30 June 2019					
Lease payments	-	-	-	-	-
Finance charges	-	-	-	-	-
Net present values	**-**	**-**	**-**	**-**	**-**

Lease payments not recognised as a liability

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

Total cash outflows for leases for the year ended 30 June 2020 was $26,250 (2019: $26,250).

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

	Carrying amount (Note 9)	**Depreciation Expense**	**Impairment**
Property Leases	226,286	(20,710)	-
	226,286	**(20,710)**	**-**

15. Provisions

	2020 $	**2019 $**
Current		
Employee benefits	9,717	4,762
Non-current		
Employee benefits	3,098	1,314
Total provisions	**12,815**	**6,076**

15. Provisions (continued)

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

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

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

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

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

16. Share capital

	2020 $	2019 $
877,210 Ordinary shares fully paid	877,210	877,210
Less: Equity raising costs	(29,180)	(29,180)
	848,030	848,030

Ordinary shares are classified as equity.

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

(a) Movements in share capital

	2020	2019
Fully paid ordinary shares:		
At the beginning of the reporting period	877,210	877,210
At the end of the reporting period	877,210	877,210

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

(b) Capital management

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

16. Share capital (continued)

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

(i) the Distribution Limit is the greater of:
  (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

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

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

17. Accumulated losses

	2020 $	2019 $
Balance at the beginning of the reporting period	(174,485)	(215,848)
Profit for the year after income tax	62,436	41,363
Dividends paid	(17,544)	-
Balance at the end of the reporting period	**(129,593)**	**(174,485)**

18. Dividends paid or provided for on ordinary shares

	2020 $	2019 $
Dividends paid or provided for during the year		
Interim unfranked ordinary dividend of 2 cents per share (2019:nil).	17,544	-

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

19. Earnings per share

	2020 $	2019 $
Basic earnings per share (cents)	7.12	4.72
Earnings used in calculating basic earnings per share	62,436	41,363
Weighted average number of ordinary shares used in calculating basic earnings per share	877,210	877,210

Basic earnings per share

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

20. Statement of cash flows

	2020 $	2019 $
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	370,009	203,256
As per the Statement of Cash Flow	370,009	203,256
(b) Reconciliation of cash flow from operations with profit/loss after income tax		
Profit for the year after income tax	62,435	41,363
Non-cash flows in profit		
- Depreciation and amortisation	57,077	38,072
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	1,415	1,162
- (increase) / decrease in prepayments and other assets	(8,135)	999
- (Increase) / decrease in deferred tax asset	27,710	20,321
- Increase / (decrease) in trade and other payables	(10,850)	1,504
- Increase / (decrease) in provisions	6,739	(2,025)
Net cash flows from operating activities	136,391	101,396

(c) Credit standby arrangement and loan facilities

The company does not have an overdraft facility.

21. Key management personnel and related party disclosures

(a) Key management personnel

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

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

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

Name of related party	Description of goods / services provided	Value $
Tomas Justin Pritchett	Treasurer stipend	2,400

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

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

(d) Key management personnel shareholdings

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

	2020	2019
Robert William Christie	5,000	5,000
Ryan James Crawford	5,001	5,001
Kylie Maree Hadden	5,001	5,001
Tomas Justin Pritchett	3,001	3,001
Neil Joseph Gannon	2,001	2,001
Helen Ann Montague	5,000	5,000
Peter Young	-	-
Linda Hunt	-	-
	25,004	25,004

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

22. Events after the reporting period

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

23. Contingent liabilities and contingent assets

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

24. Operating segments

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

25. Company details

The registered office and principal place of business is 146 Johnson Street, Maffra, Victoria.

26. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

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

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

	Note	2020 $	2019 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	370,009	203,256
- Trade and other receivables	6	47,839	49,254
- Financial assets	7	9,154	76,720
Total financial assets		**417,848**	**329,230**
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	12	33,726	44,576
- Lease Liabilities	14	209,675	-
Total financial liabilities		**243,401**	**44,576**

(a) Credit risk

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

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

Credit risk exposures

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

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

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

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

26. Financial instrument risk (continued)

(b) Liquidity risk

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

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

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

Financial liability and financial asset maturity analysis:

30 June 2020	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	.56%	370,009	370,009	-	-
- Trade and other receivables		47,839	47,839	-	-
- Financial Assets	1.2%	9,154	9,154	-	-
Total anticipated inflows		427,002	427,002	-	-
Financial liabilities					
- Trade and other payables		33,726	33,726	-	-
- Lease Liabilities	4.5%	209,675	17,164	76,891	115,620
Total expected outflows		243,401	50,890	76,891	115,620
Net inflow / (outflow) on financial instruments		**183,601**	**376,112**	**(76,891)**	**(115,620)**

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	.71%	203,256	203,256	-	-
- Trade and other receivables		49,254	49,254	-	-
- Financial Assets	2.1%	76,720	76,720	-	-
Total anticipated inflows		329,230	329,230	-	-
Financial liabilities					
- Trade and other payables		44,576	44,576	-	-
Total expected outflows		44,576	44,576	-	-
Net inflow / (outflow) on financial instruments		**284,654**	**284,654**	**-**	**-**

26. Financial instrument risk (continued)

(c) Market risk

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

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

Interest rate risk

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

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

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +/- 1% in market interest rates from year-end rates.

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

Directors' declaration

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

1. The financial statements and notes, as set out on pages 6 to 36 are in accordance with the *Corporations Act 2001*

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

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

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

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

Robert Christie
Director

Signed at Maffra on 14th January 2021.

Independent audit report

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

In our opinion the accompanying financial report of Maffra & District Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

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

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

Basis for Opinion

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

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

Independence

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

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

Director's Responsibility for the Financial Report

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

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

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Other Information

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

RSD Audit
Chartered Accountants

Partner
Bendigo
Dated: 14 January 2021

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Bendigo Bank

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