Mareeba & Dimbulah Financial Services Ltd

ABN 53 115 503 930

Financial Statements

For the year ended 30 June 2020

Mareeba & Dimbulah Financial Services Ltd
ABN 53 115 503 930

Contents

Mareeba & Dimbulah Financial Services Ltd

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Directors' Report

Your directors present this report on the company for the financial year ended 30 June 2020.

Directors

The names of the directors in office at any time during or since the end of the year are:

Name:	Gilbert James Teitzel
Position:	Chairman
Qualifications:	Certified Practising Accountant
Special Responsibilities:	Governance & Business Development Committee, Human Resources Committee, Audit/Finance Committee and Strategic Planning Committee
Name:	Gianfranco De Iacovo
Position:	Vice Chairman
Qualifications:	Business Owner
Special Responsibilities:	Marketing & Sponsorship Committee and Strategic Planning Committee
Name:	Rhonda Annette Stevens
Position:	Secretary
Qualifications:	Administration & Marketing
Special Responsibilities:	Governance & Business Development Committee, Governance Committee, Audit/Finance Committee, Strategic Planning Committee and Public Relations
Name:	Michael Peter Hoskin
Position:	Treasurer
Qualifications:	Certified Practising Accountant
Special Responsibilities:	Chair of Audit/Finance Committee and Strategic Planning Committee
Name:	Charles Edward Khan
Position:	Director
Qualifications:	Ambulance Officer
Special Responsibilities:	Marketing & Sponsorship Committee and Strategic Planning Committee
Name:	Natasha Barbara Srhoj
Position:	Director
Qualifications:	Accounts Manager - The Express
Special Responsibilities:	Marketing & Sponsorship Committee and Strategic Planning Committee
Name:	Graeme Eric Ford
Position:	Director
Qualifications:	Automotive Dealer
Special Responsibilities:	Chair of Governance & Business Development Committee, Chair of Human Resources Committee, Audit/Finance Committee and Strategic Planning Committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

No directors have material interests in contracts or proposed contracts with the company, except for Gilbert Teitzel, whose firm provides accounting services to the company (refer note 18).

Mareeba & Dimbulah Financial Services Ltd

ABN 53 115 503 930

Directors' Report

Principal Activities

The principal activities of the company during the course of the year were providing Community banking services under management rights to operate a franchised branch of Bendigo Bank Limited in Mareeba and Dimbulah. No significant change in the nature of these activities occurred during the year.

Review of Operations and Financial Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after providing for income tax amounted to:

Year ended 30 June 2020	Year ended 30 June 2019
$	$
109,289.12	113,241.17

Significant Changes in the State of Affairs

As a result of the global coronavirus pandemic, the company does not believe there will be a material adverse effect on the financial performance and position of the company going forward due to the nature of our business operations, detailed in Note 1 (B) - Economic dependency - Bendigo and Adelaide Bank Limited.

The company has been eligible to receive the 'boosting cash flow for employers' economic stimulus provided by the Australian Government. This has resulted in the company receiving a credit of $10,000 based on gross wages reported in the March 2020 BAS. The company will also receive further credits of $2,500 each on lodgement of the June, July, August and September 2020 BAS, totalling the minimum $20,000 cash flow boost credits it is eligible for under the Government scheme. These amounts are non-assessable to the company and are detailed further at Note 4: Revenue.

Dividends

The fully franked dividend of $72,827.05 ($ 0.07 per share) with a 27.5% franking credit referred to in the previous directors' report dated 31 December 2019 was paid on 18 December 2019.

Events Subsequent to the End of the Reporting Period

There are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect either:

- the operations of the company,
- the results of those operations; or
- the state of affairs of the company in subsequent financial years

Likely Developments

The company expects to maintain the present status and level of operations and hence continue its policy of facilitating banking services to the community.

Environmental Legislation

The company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Indemnifying Officer or Auditor

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

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

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included on page 7 of this Financial Report and forms part of the Directors Report.

Directors' Remuneration/Meeting Attendance Fees

As disclosed in the Directors' Report dated 6 March 2019, Mareeba & Dimbulah Financial Services Limited have accepted the Director Remuneration/Meeting Attendance Fees Policy carried by shareholders as a motion at the Annual General Meeting held 20 November 2018.

The directors received total remuneration/meeting attendance fees, as follows:

	2020	2019
	$	$
Meeting Attendance Fees	1,100.00	650.00
	1,100.00	650.00

The policy applies from 1 December 2018 to each director who is an independent director of the company who can elect to avail themselves of the benefit based on their meeting attendance. These payments are made twice yearly, in arrears, in June and December each year. Any amount paid to directors is dependent on the company meeting criteria based on the company's surplus capital, dividends paid to shareholders and contributions to community projects. The half-year ended 30 June 2019 was the first period that directors have elected to avail themselves of the benefit of this policy.

Directors' Meetings

During the year ten (10) directors' meetings were held. Attendances by each director during the year were:

Name of Director	Number Eligible to Attend	Number Attended
Gilbert James Teitzel	10	7
Gianfranco De Iacovo	10	8
Rhonda Annette Stevens	10	10
Michael Peter Hoskin	10	10
Charles Edward Khan	10	4
Natasha Barbara Srhoj	10	7
Graeme Eric Ford	10	9

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.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

Signed in accordance with a resolution of the Board of Directors:

Graeme E Ford
Director

M. Ho

Michael P Hoskin
Director

Dated: 16/10/2020

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MAREEBA & DIMBULAH FINANCIAL SERVICES LIMITED

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 as set out in the Corporations Act 2001 in relation to the Audit; and

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

M O'Neill

Megan O'Neill FCPA
Cairns Quality Accounting
Registered Company Auditor #419579
23/25-29 Grafton Street, Cairns QLD 4870

Dated: 19 October 2020

Mareeba & Dimbulah Financial Services Ltd
ABN 53 115 503 930
Statement of Comprehensive Income
For the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	4	1,794,618.30	1,861,417.84
Gross profit		1,794,618.30	1,861,417.84
Administration and general costs		(141,051.03)	(132,636.29)
Employment secondment expenses		(935,207.56)	(968,036.75)
ATM expenses		(13,213.27)	(20,995.08)
Depreciation & amortisation expenses		(132,977.94)	(60,790.32)
IT leasing and running costs		(54,744.90)	(46,936.59)
Occupancy costs		(67,169.68)	(122,082.50)
Marketing Development Fund expenses		(46,934.69)	(53,390.77)
Grants and donations		(250,000.00)	(300,000.00)
Profit before income tax		153,319.23	156,549.54
Income tax attributable to operation profit (loss)	5	44,030.11	43,308.37
Operating profit after income tax		109,289.12	113,241.17
Total comprehensive income for the year		109,289.12	113,241.17
Earnings per share (cents per share)		c	c
- basic profit for the year		10.88	11.27

Mareeba & Dimbulah Financial Services Ltd
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Balance Sheet as at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current Assets			
Cash and cash equivalents	7	1,050,882.11	976,338.31
Trade and other receivables	8	153,684.47	173,204.38
Current tax assets	15		9,443.07
Other assets	9	5,572.79	5,066.60
Total Current Assets		**1,210,139.37**	**1,164,052.36**
Non-Current Assets			
Property, plant and equipment	11	115,740.30	143,639.30
Intangible assets	12	203,556.46	230,668.78
Financial assets	13	279,138.79	
Non-current tax assets	10	8,800.06	
Total Non-Current Assets		**607,235.61**	**374,308.08**
Total Assets		**1,817,374.98**	**1,538,360.44**
Liabilities			
Current Liabilities			
Trade and other payables	14	101,262.35	156,752.12
Current tax liabilities	15	1,606.94	
Lease liabilities	16	56,802.03	
Total Current Liabilities		**159,671.32**	**156,752.12**
Non-Current Liabilities			
Lease liabilities	16	239,633.27	
Total Non-Current Liabilities		**239,633.27**	
Total Liabilities		**399,304.59**	**156,752.12**
Net Assets		**1,418,070.39**	**1,381,608.32**
Equity			
Contributed equity	17	1,004,511.00	1,004,511.00
Retained profits		413,559.39	377,097.32
Total Equity		**1,418,070.39**	**1,381,608.32**

Mareeba & Dimbulah Financial Services Ltd

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

	Notes	Retained Earnings	Issued & Paid Up Capital	Total
Balance at 1 July 2018		336,928.20	1,004,511.00	1,341,439.20
Shares issued during year				
Profit attributable to the members		113,241.17		113,241.17
Subtotal		377,097.32	1,004,511.00	1,454,680.37
Dividends paid or provided for		(73,072.05)		(73,072.05)
Balance at 30 June 2019		377,097.32	1,004,511.00	1,381,608.32
Balance at 1 July 2019		377,097.32	1,004,511.00	1,381,608.32
Shares issued during year				
Profit attributable to the members		109,289.12		109,289.12
Subtotal		486,386.44	1,004,511.00	1,490,897.44
Dividends paid or provided for	6	(72,827.05)		(72,827.05)
Balance at 30 June 2020		413,559.39	1,004,511.00	1,418,070.39

Mareeba & Dimbulah Financial Services Ltd

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Statement of Cash Flows

For the year ended 30 June 2020

	2020 $	2019 $
Cash Flow From Operating Activities		
Receipts from customers	1,798,468.00	1,834,200.35
Payments to Suppliers and employees	(1,561,061.03)	(1,628,075.32)
Interest received	15,670.21	18,073.37
Interest and other costs of finance	(15,042.00)	
Income tax paid	(43,050.97)	(39,592.77)
Net cash provided by (used in) operating activities (note B)	194,984.21	184,605.63
Cash Flow From Investing Activities		
Payment for:		
Property, plant and equipment		(1,820.00)
Loans from other groups or entities		(500.00)
Right-of-use assets	(342,063.41)	
Net cash provided by (used in) investing activities	(342,063.41)	(2,320.00)
Cash Flow From Financing Activities		
Proceeds of borrowings	395,782.70	182.37
Repayment of borrowings	(99,347.40)	
Dividends paid	(72,862.05)	(73,072.05)
Dividends payable	(1,950.25)	3,907.75
Net cash provided by (used in) financing activities	221,623.00	(68,981.93)
Net increase (decrease) in cash held	74,543.80	113,303.70
Cash at the beginning of the year	976,338.31	863,034.61
Cash at the end of the year (note 1)	1,050,882.11	976,338.31

Mareeba & Dimbulah Financial Services Ltd

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Statement of Cash Flows

For the year ended 30 June 2020

Note A. Reconciliation Of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2020	2019
Bendigo General Cheque Account	25,767.37	43,305.44
Bendigo Market Development Fund Account	122,448.40	108,426.24
Bendigo Business Solutions Account	2,372.06	4,322.31
Bendigo Business Cash Mgmt Account	294.28	284.32
Term Deposit	900,000.00	820,000.00
	1,050,882.11	976,338.31

Note B. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit

	2020	2019
Operating profit (loss) after tax	109,289.12	113,241.17
Depreciation	90,823.62	33,678.00
Amortisation	27,112.32	27,112.32
Increase/(decrease) in provision for income tax	(3,638.18)	3,458.35
Increase/(decrease) in future income tax benefit	4,617.32	257.25
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	19,519.91	(9,144.12)
(Increase) decrease in prepayments	(506.19)	935.67
Increase (decrease) in trade creditors and accruals	(53,504.52)	45,262.04
Increase (decrease) in employee entitlements	(389.35)	389.35
Increase (decrease) in sundry provisions	1,660.16	(30,584.40)
Net cash provided by operating activities	**194,984.21**	**184,605.63**

Note 1: Statement of Significant Accounting Policies

(A) Basis of Preparation

The company has elected to adopt the Australian Accounting Standards - Reduced Disclosure Requirements.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporation Act 2001. Mareeba & Dimbulah Financial Services Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 28 October 2020.

(B) Accounting Policies

Changes in accounting policies

The accounting policies are consistent with those applied in the previous financial year except as follows:

The entity has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as at 1 July 2019:

AASB 16: Leases (issued February 2016) supersedes the existing lease accounting requirements in AASB 117: Leases and the related interpretations. The new Standard introduces a single lessee accounting model by eliminating the current requirement to distinguish leases as either operating leases or finance leases depending on the transfer of risks and rewards of ownership.

The key requirements of AASB 16 are summarised as follows:
- recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-of-use assets in line with AASB 116 in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- inclusion of additional disclosure requirements.

Further information on the effect of the adoption of AASB 16 can be found in Notes 13 and 16.

Recently issued or amended standards not yet effective

There were no new standards issued since 1 July 2019 that have been applied to the Company.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank(c) branches at Mareeba and Dimbulah, Queensland.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name 'Bendigo Bank' and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the Community Bank branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branches 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 and 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 of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank (r) 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 fitout of the Community Bank(r) branches;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- cancellation of company revenue and payment of many operation and administrative expenses;
- the formulation and implementation of advertising and promotional programs;
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Summary of accounting policies

Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

Revenue

Revenue is recognised based on the amount of consideration expected by an entity after providing goods or services, or the amount of revenue on the transfer of goods and services to a customer. The company follows the following 5-step process when determining whether to recognise revenue:

1. Identifying the contract with the customer;
2. Identifying the performance obligations in the contract;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when (or as) the performance obligations are satisfied.

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as 'day to day' banking business (ie 'margin business'). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of the loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie. 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, prodcuts referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example, in February 2011, Bendigo and Adelaide Bank Limited reduced commission on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its Community Bank partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank and Community Bank companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie. what are commonly referred to as 'bank fees and charges') charges to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

Income Tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probably that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial taxable income or account profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Current and deferred tax in the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity or where it arose from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Employee Benefits

Provision is not made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employees are seconded staff of Bendigo and Adelaide Bank Limited and are treated as employees of Bendigo and Adelaide Bank Limited. The company is invoiced each month for a provision to employee entitlements, such as long-service leave, holiday pay and personal leave. Any provision for employee entitlements are accrued by Bendigo and Adelaide Bank Limited.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Positions.

Trade Receivables and Payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts payable are carried at cost that is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the company.

Property, Plant and Equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual lives and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Class of Asset	Depreciation Rate
Leasehold improvements	2.5 - 40.0%
Plant and equipment	2.5 - 40.0%
Fixtures and fittings	2.5 - 40.0%

Gains and losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

Borrowings

All loans are initially measured as the principal amount. Interest is recognised as an expense as it accrues.

Leases

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However, all contracts are classified as short-term leases (lease with a remaining lease term of 12 months or less) and leases of low value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees:
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The company does not act as a lessor in relation to lease contracts.

Provisions

Provisions are recognised when Mareeba & Dimbulah Financial Services Limited has a legal or constructive obligation, as a result of past events, for which it is probably that the outflow of economic benefit will result and that the outflow can be reliably measured.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed Equity

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

Earnings per Share

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

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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item

Cash flows are presented in the cash flow statement on a net basis (after GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Note 2: Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are dercognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:
- financial assets at amortised costs
- financial assets at fair value through profit and loss (FVPL)
- debt instruments at fair value through other comprehensive income (FVOCI)
- equity instruments at fair value through other comprehensive income (FVOCI)

Classification are determined by both:
- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit and loss are presented within revenue from ordinary activities.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):
- 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 costs using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents as well as trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVPL)

Financial assets that are held within a business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. The Company does not hold any financial assets that fall into this category of financial instruments.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at FVOCI.

Any gains or losses recognised in OCI will be recycled upon recognition of the asset. This category includes bonds that were previously classified as 'available-for-sale' under AASB 139.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

Impairment of financial assets

AASB 9's new impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Liquidity Management

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

Capital Management

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

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

The distribution limit is the greater of:

a) 20% of the profit or funds of the franchisee 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.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2020 can be seen in the Statement of Profit and Loss and Other Comprehensive Income.

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

Note 3: Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimate under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the Statement of Profit or Loss and Other Comprehensive Income. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered.

Note 4: Revenue from Ordinary Activities

Operating Activities:

Gross Margin	1,313,134.34	1,343,510.24
Upfront Product Commission	40,300.35	49,691.90
Trailer Product Commission	235,039.57	260,436.62
Fee Income	131,924.97	134,597.60
Market Development Fund	47,083.25	47,499.93
Rebates and Refunds	1,465.61	7,608.18
Total revenue from operating activities	1,768,948.09	1,843,344.47

Non-operating Activities:

Non-assessable government payments	10,000.00	
Interest revenue	15,670.21	18,073.37
Total revenue from non-operating activities	25,670.21	18,073.37
Total revenue from ordinary activities	**1,794,618.30**	**1,861,417.84**

Note 5: Income Tax

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Profit/(loss) from ordinary activities before income tax	153,319.23	156,549.54
Prima facie income tax payable on operating profit at 27.50%	39,412.79	72,806.53
Add tax effect of:		
- Prepaid insurance*	(139.21)	257.25
- Lease liabilities	81,519.70	
- Right-of-use assets	(76,763.17)	
Income tax expense/(revenue)	44,030.11	43,308.37
Income tax expense attributable to profit from ordinary activities	**44,030.11**	**43,308.37**
The applicable weighted average effective tax rates are as follows (%):	28.72	27.66

* The tax effect of prepaid insurance was incorrectly stated as $221.38 in the notes to the financial statements for the year ended 30 June 2019.

Note 6: Dividends

Dividends Provided for or Paid	72,862.05	73,072.05
	72,862.05	**73,072.05**

On 18 December 2019, dividend payments of $72,807.05 were made to AFS & Associates, a share registry service employed to distribute dividends. As outlined in the notes to the financial statements dated 30 June 2019, rejected dividend payments from 17 December 2018 of $3,907.75 were returned to the company when the share registry changed from ShareData. As at 30 June 2020, $1,957.50 of these remain outstanding and are recognised as a liability of the company. Payments of $35.00 were also made during the period in relation to rejected dividends from prior years.

Note 7: Cash assets

Bank accounts:		
Bendigo General Cheque Account	25,767.37	43,305.44
Bendigo Market Development Fund Account	122,448.40	108,426.24
Bendigo Business Solutions Account	2,372.06	4,322.31
Bendigo Business Cash Mgmt Account	294.28	284.32
Other cash items:		
Term Deposit	900,000.00	820,000.00
	1,050,882.11	**976,338.31**

Reconciliation of Cash:

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

- Cash	1,050,882.11	976,338.31
	1,050,882.11	**976,338.31**

Note 8: Trade and Other Receivables

Current

Trade debtors	153,684.47	173,204.38
	153,684.47	**173,204.38**

Note 9: Other Assets

Current

Prepayments	5,572.79	5,066.60
	5,572.79	**5,066.60**

Note 10: Non-Current Tax Assets

Non-Current

Deferred Tax Asset	8,800.06	
	8,800.06	

Note 11: Property, Plant and Equipment

Leasehold improvements:		
- At cost	542,030.43	542,030.43
- Less: Accumulated depreciation	(427,125.45)	(399,948.45)
	114,904.98	142,081.98
Plant and equipment:		
- At cost	14,435.32	14,435.32
- Less: Accumulated depreciation	(13,600.00)	(12,878.00)
	835.32	1,557.32
Total written down amount	**115,740.30**	**143,639.30**

Note 12: Intangible Assets

Start-up costs:		
- At cost	170,000.00	170,000.00
Franchise fees:		
- At cost	65,734.00	65,734.00
- Less: Accumulated amortisation	(43,474.34)	(38,955.62)
	22,259.66	26,778.38
Renewal process fees		
- At cost	228,674.00	228,674.00
- Less: Accumulated amortisation	(217,377.20)	(194,783.60)
	11,296.80	33,890.40
Total written down amount	**203,556.46**	**230,668.78**

Note 13: Financial Assets

Right-of-use assets:		
- At cost	342,063.41	
- Less: Accumulated depreciation	(62,924.62)	
	279,138.79	
Total written down amount	**279,138.79**	

Note 14: Trade and Other Payables

Unsecured:		
- Trade creditors	99,014.75	152,662.00
- Dividends payable	1,957.50	3,907.75
- Credit cards	290.10	182.37
	101,262.35	**156,752.12**

Note 15: Tax Liabilities

Current

GST Payable Control Account	28,718.85	45,596.54
Input Tax Credit Control Account	(47,064.47)	(65,749.32)
Provision for Income Tax	7,928.49	11,566.67
Deferred Tax Liabilities	12,024.07	(1,393.31)
Amounts Withheld from Salary and Wages		147.00
Employee Entitlements		389.35
	1,606.94	**(9,443.07)**

Note 16: Lease Liabilities

The company has two operating leases for its branch premises located in Mareeba and Dimbulah.

The Mareeba lease commenced on 1 December 2010 for an initial term of five years, with two additional options for a further five years each. The first additional five year option expires in November 2020 and it is reasonably expected that the second five year option will be exercised.

The Dimbulah lease commenced on 14 November 2005 for an initial term of five years, with two additional options for a further five years each. The second additional five year option expires in November 2020 with no further options available.

a) Lease liabilities

From 1 July 2019, the entity recognised a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the entity. Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period.

In determining the lease term, the directors consider all relevant facts and circumstances that create an economic incentive to exercise, or not to exercise, an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The lease liabilities recognised by the entity on adoption of the new standard are inclusive of extension options in relation to property leases.

The lease payments are discounted using an interest rate implicit in the lease. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate which is defined as the rate of interest that a lessee would have to pay to borrow over a similiar term, and with a similiar security, the funds necessary to obtain an asset of a similiar value to the right-of-use asset in a similiar economic environment.

On initial application, the entity has chosen not to apply the retrospective method in restating comparatives and instead has utilised the cumulative catch-up method in recognising any difference between assets and liabilities in opening retained earnings at transition.

On adoption of AASB 16, the entity recognised lease liabilities which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The incremental borrowing applied to lease liabilities on 1 July 2019 was 5.39%, the variable rate currently offered by Bendigo Bank for commercial property security.

In the statement of cash flows, the entity classifies cash payments for the principal portion of the lease liability within financing activities. The cash payments for the interest portion of the lease liability and any short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

In applying AASB 16 for the first time, the entity has used the following practical expedients permitted by the standard:
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Upon adoption of the change in accounting policy, the entity recognised an increase of a right-of-use asset of $395,783 and a corresponding lease liability of $395,783 in respect of all leases, other than short-term leases and leases of low-value assets. The net impact on retained earnings on 1 July 2019 was $nil.

	30 June 2020	30 June 2019
	$	$
Current		
Lease liabilities	69,307.35	
Unexpired interest	(12,505.32)	
	56,802.03	
Non-Current		
Lease liabilities	265,805.24	
Unexpired interest	(26,171.97)	
	239,633.27	
Impact on the current reporting period:		
Lease liabilities		
Initial recognition on adoption	342,063.41	
Lease payments (interest component)	15,042.00	
Lease payments	(60,670.11)	
	296,435.30	
Maturity analysis		
- not later than 12 months	69,307.35	
- more than 12 months	265,805.24	
	335,112.59	
Less unexpired interest	(38,677.29)	
Present value of lease liabilities	296,435.30	

b) Right-of-use assets

Initial recognition on adoption	342,063.41	
Depreciation expense	(62,924.62)	
	279,138.79	

c) Impact on profit or loss

Comparison under current AASB 16 and from AASB 117		
Decrease in occupancy costs	60,670.11	
Increase in finance costs on lease liabilities	(15,042.00)	
Increase in depreciation and amortisation expense	(62,924.62)	
	(17,296.51)	
Increase in current income tax expense	(16,684.29)	
Increase in current income tax expense - deferred tax	21,440.82	
Increase in profit before tax	4,756.53	

Note 17: Contributed Capital

1,004,511 Ordinary shares at $1.00 each fully paid	**1,004,511.00**	**1,004,511.00**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Rights attached to shares

Voting rights

Subject to some limited expectation, each shareholder has the right to vote at a general meeting.

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

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

Dividends

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

Transfer

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

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

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

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

- They control or own 10% or more of the shares in the company (the '10% limit').

- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the 'close connection test').

- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the 'base number test'). The base number is 311. As at the date of this report, the company had 479 shareholders.

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

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

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

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

Note 18: Director and Related Party Disclosures

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

Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.

Related Party Transactions

The following transactions occurred with related parties:

Payment for services from associates		
- Millar Teitzel Accountants and Advisors	18,300.00	18,850.00

Shareholdings

Number of shares held by directors	29,094	29,094

Note 19: Events Occurring After the Balance Sheet Date

The final five year option on the Mareeba property lease due to expire on 30 November 2020 has been exercised at the date of this report. The lease payments beginning 1 December 2020 have been negotiated at a reduced rate than previously calculated which will result in a reduction in the lease liability and an impairment of the right-of use assets recorded in these financial statements.

Note 20: Contingent Liabilities

There were no contingent liabilities at the date of this report that would materially affect the financial statements.

Note 21: Segment Reporting

The economic entity operates in the service sector where it facilitates Community Bank services in Mareeba and Dimbulah, Queensland pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 22: Community Enterprise Foundation / Australian Sports Foundation

The company has over the years deposited into both the Community Enterprise Foundation (CEF) and Australian Sports Foundation (ASF) to be used for distribution to community organisation as part of the company's grant programs. During the 2020 financial year $250,000 was granted to Community Enterprise Foundation (2019: $300,000 - CEF)

Mareeba & Dimbulah Financial Services Ltd
ABN 53 115 503 930
Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards and the Corporations Regulations; and
   (b) give a true and fair view of the company's financial position as at 30 June 2020 and of its 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.

The directors are responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.

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

Graeme E Ford
Director

M. Hoskin

Michael Hoskin
Director

Dated: 16/10/2020

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INDEPENDENT AUDIT REPORT

Independent Auditor's report to the members of
Mareeba and Dimbulah Financial Services Ltd

Report on audit of the financial statements

Auditor's Opinion

In our opinion, the financial report of Mareeba & Dimbulah 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 ended on that date; and

(ii) Complying with Australian Accounting Standards Reduced Disclosure Requirements and the *Corporations Regulations 2001.*

What we have audited

Mareeba and Dimbulah Financial Services Ltd financial report comprises the statement of profit or loss and other comprehensive income for the year ended 30 June 2020, statement of financial position as at 30 June 2020, statement of changes in equity and statement of cash flows for the year ended on that date, Notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Basic for opinion

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

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.* We are independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the other ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the financial report in Australia; and have fulfilled our ethical responsibilities in accordance with this code.

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

Other information

Other information relates to the entities financial and non-financial information included in the Annual Report which may include the Chairperson's Report and other reports covering governance and shareholder matters. We do not express any form of assurance conclusion of the other information.

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

If we identify that a materially inconsistency exists when we read the annual report, or become aware of other information that may be materially misstated, we will discuss with the directors and may require management to correct the other information if we believe a material misstatement exists.

Responsibility of management for the financial report

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

In preparing the financial report, the directors are responsible for assessing the entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility for the audit of the financial report

Our responsibility is 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 audit report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that if an audit is conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Material misstatements may arise from fraud or error and are considered material either individually or in aggregate and they could reasonably expect to influence the economic decisions of users of this financial report.

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

Cairns Quality Accounting

M.O'Neill

Megan O'Neill FCPA
Registered Company Auditor #419579
Cairns Quality Accounting

Signed at Cairns on 19 October 2020