Annual Report 2020

Northern Victoria Finances Limited

Community Bank Nathalia

Numurkah branch

Nathalia Community Early Learning Centre

ABN 33 091 514 966

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Northern Victoria Finances Limited
ABN 33 091 514 966
Chairman's report

It is with great pleasure that I present the Chairman's report for 2020.

Although Australia and particularly Victoria has faced unprecedented challenges this year, Northern Victoria Finances strong financial position has enabled it to continue to provide both Nathalia and Numurkah with full time banking and continue its involvement in many community projects.

Stage1 of the Venture Court residential development is 100% completed and 100% sold. Stage 2 of the development is underway and we expect to be turning soil before Christmas this year, with 3 of the proposed 9 lots already under contract. This will be great for our little town and for the families who wish to build homes in Nathalia.

The Nathalia Community Early Learning Centre faced its most challenging time with COVID 19 restrictions greatly effecting the daily operations of the centre. I thank management and staff for their efforts and patience during this time.

Our branches in Nathalia and Numurkah continue to provide wonderful banking products and service, and the new partnership with Rural Bank provides an opportunity for new business. A big thank you to our Senior Manager Peter Halden and his wonderful staff at Numurkah and Nathalia for contributing so much to our communities through the banking business.

I would like to thank all the Board members who volunteer their time for the benefit of our communities. To our serving secretary Tracey Mark, thank you for the countless hours you put in to ensure things run smoothly. To Kristy Limbrick, thank you for the work you do as our Treasurer.

David Liddell
Chairman

Table below shows approximate community contributions -

	Community Investment	Sponsorship	Major Projects	Cents Per Share Paid from previous years profits	Dividends Paid to	Total Funds Returned to Community &
2003/04		$4,371		$0.0400	$19,563	$23,934
2004/05	$11,000	$2,657		$0.0500	$20,541	$34,198
2005/06	$20,300	$5,350		$0.0525	$24,454	$50,104
2006/07	$16,684	$4,679	$600,000	$0.0625	$28,366	$649,729
2007/08	$37,357	$8,372	$100,000	$0.0725	$31,300	$177,029
2008/09	$57,450	$7,780	$84,437	$0.0800	$15,650	$165,317
2009/10	$31,060	$11,588	$249,424	$0.0400	$29,344	$321,416
2010/11	$32,686	$16,246	$62,389	$0.0750	$29,344	$140,665
2011/12	$22,824	$23,579		$0.0750	$29,344	$75,747
2012/13	$32,595	$13,966	$1,050,000	$0.0650	$25,432	$1,121,993
2013/14	$33,008	$15,070	$89,546	$0.0600	$23,475	$161,099
2014/15	$37,144	$14,053	$212,878	$0.0500	$19,563	$283,638
2015/16	$38,800	$15,861	$18,689	$0.0450	$17,607	$90,957
2016/17	$13,188	$12,034	$11,318	$0.0400	$15,650	$52,190
2017/18	$16,235	$13,530	$292,266	$0.0440	$17,215	$339,246
2018/19	$40,000	$11,948	$359,788	$0.0450	$15,650	$427,386
2019/20	$40,000	$23,020	$0	$0.0400	$15,650	$78,670
Cumulative Total	**$400,331**	**$169,137**	**$2,770,947**	**$0.8515**	**$362,498**	**$3,687,263**

	2018/19	2019/20	Variance	
Bank Business Held	$207,602,316	$204,210,000	Down	$3,392,316
Number of Accounts	8,066	8,257	Up	191

Northern Victoria Finances Limited
ABN 33 091 514 966
Senior Manager's report

What a year! Our Bendigo Bank branches have seen a mixed bag of results. On the face of it, Numurkah has held ground and Nathalia has had a strong year. The results go deeper than that. In general deposits have been a highly competitive market due to the low rates on offer across the industry. Our lending area has been very steady with good momentum at both sites and at time of writing, showing no signs of slowing down. Bendigo Bank sold it's Financial Planning business which reduced combined balances for our business of more than $13.6 million.

Of course I couldn't write this report without mentioning the effects of COVID-19. I am very proud to say that both our bank branches and childcare centre have continued to offer services in our communities right through this crisis so far. While there were huge changes to the way we do business, our primary function is to be here for the customers. I must put out a big thankyou to all our wonderful staff who kept soldiering on, particularly early on when there was so much fear across society. COVID-19 has also meant a marked change in the way many people do their banking, we have seen a 25-30% reduction in customers coming in as people use more stay at home banking options such as phone apps, online banking etc. and generally a lesser reliance on cash payments. Focus will be on improving connection with the customers by phone, and to offer a deeper level of engagement to the clients who still choose to visit our friendly staff in branch.

Profit and Loss results are showing very steady figures. With rates at historically low levels for both lending and deposits, margins are tightening and this portion of our income has been reduced. Fortunately the growth in business and the shift in growth to a more loan focussed book have somewhat offset the margin squeeze.

Nathalia

Our Nathalia branch has had it's best year of growth since 2011 after allowing for the Financial Planning business being sold, with a total of $6.93mill added to the books this year. Our loans offering has been positively received this year with a good mix of Home, Business, Farming and Equipment Finance. Kudos to our Assistant Branch Manager, Brayden Carey for helping lift our lending results. Well done to the rest of the team at Nathalia, many of whom are well past 10 years service and still trying to better their skills to help the customers more effectively.

Numurkah

In the last couple of years, we have found Numurkah branch gaining momentum, particularly in the lending area under the stewardship of our fabulous Assistant Manager, Elyse McKenzie. There has been a large number of Home Loans and Personal Loans written right through the year. Unfortunately there were a small number of loans of large value which were paid off due to the sale of properties. This has reduced the effect of the new business added on the overall book.

Nathalia Community Early Learning Centre

What a HUGE year it has been;

- Staffing - In December we bid farewell to Natalie Watt and welcomed a new Centre Director, Chloe Ford. Chloe joins us after years of experience in various parts of childcare industry. On the same day Tracey Mark joined NVF in a new role which includes marketing, social media and various other parts facets of community liason to support the bank and childcare centre in that space. 2020 also saw return of a familiar face in Carolyn Hooker. Carolyn was our kinder teacher for several years and has now returned to look after our biggest class yet! We are happily seeking further new staff to work at the centre in 2020 and beyond.
- COVID-19 has brought with it significant upheaval for Centres, not least due to huge reductions in income due to funding changes. With so much uncertainty around the number of children attending the centre during the pandemic, the government put traditional funding arrangements on hold and introduced what amounted to a floor based income system. This was done to recognise that centres are an essential service, educating and caring for children of essential service workers. While initially welcome to keep centres open, once numbers started to return and staffing requirements increased, this change was quickly seen a less than ideal situation. Changes are planned again for mid July to return centres to traditional funding models with some transitional arrangements for those still not back to where they need to be to maintain services.

Bourke Rd

- Block sales have accelerated in 2020 with all of Stage 1 now sold and at time of writing three new homes either finished or under construction. Stage 2 works are underway and we expect to have titles available in the first quarter of 2021. Four blocks in Stage 2 have deposits accepted so get in quick if you want to take advantage of a block.
- Thanks to Moira Shire as Joint Venture partner and a big thankyou to our Chairman David Liddell who has been particularly active in this project.

Finally I'd like to encourage you all to remind your friends and family to support YOUR bank. Don't forget shares can be traded using our Low Volume Market register. Please go to https://www.bendigobank.com.au/nathalia to register your interest in buying or selling.

Thankyou to all the staff at Northern Victoria Finances Ltd who make wonderful outcomes possible for not only their customers, but also in helping make profits the for the community and our shareholders. Thanks to the Board of Directors who volunteer their time to support the company. A special cheerio to Jim Liddell our founding (retired) Chairman, who has been unwell. We send a get well wish out to Jim.

PHald

Peter Halden
Senior Manager Northern Victoria Finances Limited

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

Directors

The following persons were Directors of Northern Victoria Finances Limited during or since the end of the financial year up to the date of this report:

Directors	Details
David Liddell	Chairperson. Qualified accountant with 10 years experience in public practise. 8 years of hardware retail experience as proprietor of Daves Home Timber and Hardware. Currently a Director of retail property development company, Dellcorp Developments Pty Ltd.
Kaye Bernhardt	Director Business owner, 35 years experience in Aged Care (25 years as Administrator)
Helen Ginnivan	Director. Bachelor of Science (Education) Melbourne. Principal. Uni graduate with a diploma of computer sciences from Deakin University. 35 years teaching.
Kristy Limbrick	Director. Small Business Operator. 6 years of hardware retail experience as proprietor of Limo's Home Hardware and Rural Supplies.
Sherelle Smith	Director. Dairy Farmer. 23 years Dairy Farming owner of Dairy, Beef and Cropping Farm. Previous employment includes Insurance, Retail and Client Service Administration. Kinder Committee and Nathalia Primary School Committee.
Ian "Jim" Bereton	Director. Pastry Cook, Small Business Operator. 31 years experience as a business owner. Property owner/ developer - 10 years. Secretary of Nathalia Football Netball Club - 2 years. Chair of NYE Carnival Committee - 8 years. Chair of St Francis School Board - 3 years. Committee member of these groups for approximately 20 years.
Neroli Eddy	Director. Graduate Diploma Technology Education (GDTE), LaTrobe University; Certificate IV Workplace Training and Assessing; Certificate II Hospitality. Teacher. Kitchen; Food Safety Supervisor; Associate Diploma of Applied Science (Food Technology)

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**
David Liddell	10	9
Kaye Bernhardt	10	9
Helen Ginnivan	10	7
Kristy Limbrick	10	7
Sherelle Smith	10	7
Ian Bereton	10	7
Neroli Eddy	10	8

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Company Secretary

Tracey Mark has been the Company Secretary of Northern Victoria Finances Limited since December 2017. Tracey's experience include years as an office-holder on various committees.

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 $259,208 (2019 profit: $259,606), which is a 0.2% decrease 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. Staff now have the capacity to work remotely. there has been an increase of deposits received for the period and additional lending for businesses. Foot traffic is down 23% and ATM use is down 45% on prior period. additional safety measures implemented have resulted in $4,000 worth of expenses. Received a total of $142,314 from government stimulus (jobkeeper and cash flow boost).

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

Dividends

A fully franked final dividend of 4 cents per share was declared and paid during the year for the year ended 30 June 2019. A dividend of 4 cents per share has been declared, but not yet paid for the year ended 30 June 2020.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

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

Auditor independence declaration

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

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 Nathalia on 29 October 2020.

David Liddell
Director

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

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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of of Northern Victoria Finances Limited

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

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

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

RSD Audit

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

Dated: 29 October 2020

Northern Victoria Finances Limited
ABN 33 091 514 966
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	2,957,925	2,934,704
Expenses			
Employee benefits expense	3	(1,580,344)	(1,612,115)
Depreciation and amortisation	3	(128,622)	(157,966)
Finance costs	3	(5,186)	(8,475)
Bad and doubtful debts expense	3	(1,861)	(394)
Loss on disposal of property, plant and equipment		(8,680)	(11,263)
Professional fees		(83,688)	(87,603)
Occupancy expenses		(38,213)	(46,589)
IT expenses		(21,672)	(37,911)
Advertising and marketing		(35,419)	(18,276)
Repairs & maintenace		(46,479)	(29,534)
Insurance		(36,561)	(112,049)
Utilities		(25,985)	(38,134)
Freight/Cartage/Delivery		(6,671)	(10,100)
Other expenses		(162,396)	(120,301)
Share of expenses of joint operation		(368,050)	(256,902)
		(2,549,827)	(2,547,612)
Operating profit before charitable donations and sponsorship		**408,098**	**387,092**
Charitable donations and sponsorship		(50,569)	(56,534)
Profit before income tax		**357,529**	**330,558**
Income tax expense	4	(98,321)	(70,952)
Profit for the year after income tax		**259,208**	**259,606**
Other comprehensive income			
Changes in Property, Plant and Equipment Revaluation Surplus		1,412,564	-
Total comprehensive income for the year		**1,671,772**	**259,606**
Profit attributable to members of the company		1,671,772	259,606
Total comprehensive income attributable to members of the company		**1,671,772**	**259,606**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	18	66.25	66.35

The accompanying notes form part of these financial statements

Northern Victoria Finances Limited
ABN 33 091 514 966
Statement of Financial Position
As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	989,601	544,313
Trade and other receivables	6	205,732	223,838
Inventory	7	123,419	492,498
Total current assets		**1,318,752**	**1,260,649**
Non-current assets			
Property, plant and equipment	8	2,963,559	1,621,725
Intangible assets	9	195,682	113,163
Deferred tax assets	4	4,170	1,488
Total non-current assets		**3,163,411**	**1,736,376**
Total assets		**4,482,163**	**2,997,025**
Liabilities			
Current liabilities			
Trade and other payables	11	84,287	166,041
Current tax liability	4	8,074	24,075
Borrowings	12	90,011	136,939
Provisions	13	149,460	151,296
Total current liabilities		**331,832**	**478,351**
Non-current liabilities			
Borrowings	12	22,957	57,448
Provisions	13	41,926	32,836
Total non-current liabilities		**64,883**	**90,284**
Total liabilities		**396,715**	**568,635**
Net assets		**4,085,448**	**2,428,390**
Equity			
Issued capital	14	391,256	391,256
Retained earnings	15	2,054,235	1,809,741
Reserves	17	1,639,957	227,393
Total equity		**4,085,448**	**2,428,390**

The accompanying notes form part of these financial statements

Northern Victoria Finances Limited
ABN 33 091 514 966
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2019 (reported)		**391,256**	**1,809,741**	**227,393**	**2,428,390**
Comprehensive income for the year					
Profit for the year		-	259,208	-	259,208
Revaluation of PP&E	17	-	-	1,412,564	1,412,564
		-	**259,208**	**1,412,564**	**1,671,772**
Transactions with owners in their capacity as owners					
Dividends paid or provided	16	-	(14,714)	-	(14,714)
Balance at 30 June 2020		**391,256**	**2,054,235**	**1,639,957**	**4,085,448**
Balance at 1 July 2018 (reported)		**391,256**	**1,567,742**	**227,393**	**2,186,391**
Comprehensive income for the year					
Profit for the year		-	259,606	-	259,606
Transactions with owners in their capacity as owners					
Dividends paid or provided	18	-	(17,607)	-	(17,607)
Balance at 30 June 2019		**391,256**	**1,809,741**	**227,393**	**2,428,390**

The accompanying notes form part of these financial statements

Northern Victoria Finances Limited
ABN 33 091 514 966
Statement of Cash Flows
For the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		2,815,680	2,806,502
Payments to suppliers and employees		(2,327,452)	(2,359,867)
Interest paid		(5,186)	(8,475)
Income tax paid		(116,969)	(100,796)
Share of operating cash flow from joint operation		(44,640)	(11,359)
Net cash flows provided by operating activities	19b	**321,433**	**326,005**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	12,015
Proceeds from sale of investments		369,079	243,626
Purchase of property, plant and equipment		(19,315)	(115,216)
Purchase of investments		-	(554,485)
Purchase of intangible assets		(129,776)	-
Net cash flows from/(used in) investing activities		**219,988**	**(414,060)**
Cash flows from financing activities			
Proceeds from borrowings		2,768	108,580
Repayment of borrowings		(84,187)	(79,265)
Dividends paid		(14,714)	(17,607)
Net cash flows from/(used in) financing activities		**(96,133)**	**11,708**
Net increase/(decrease) in cash held		**445,288**	**(76,347)**
Cash and cash equivalents at beginning of financial year		544,313	620,660
Cash and cash equivalents at end of financial year	19a	**989,601**	**544,313**

The accompanying notes form part of these financial statements

These financial statements and notes represent those of Northern Victoria Finances Limited.

Northern Victoria Finances Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 23 October 2020.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001,* Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting

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 branches at Numurkah and Nathalia.

The branches operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank”, the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The Company manages the Community Bank 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 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 branches 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 branches;
- 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:

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

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.

1. Summary of significant accounting policies (continued)

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

AASB 16 *Leases*

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

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

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

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

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

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

The transition to AASB 16 has had no impact on this entity.

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 financial assets under AASB 9.

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

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

AASB 1059 Service Concession Arrangements: Grantors

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

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

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

2. Revenue

	2020 $	2019 $
Revenue		
- service commissions	1,546,276	1,558,179
- fee income for childcare services	874,171	1,130,982
	2,420,447	2,689,161
Other revenue		
- other revenue	327,582	245,543
- government subsidies	209,896	-
	537,478	245,543
Total revenue	**2,957,925**	**2,934,704**

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.

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

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

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

Core Banking Products
Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given.

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

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

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)

Childcare fees
The childcare fees are recognised upon receival pf payment, this occurs in two instances. Payment received from the families and payment received from the government under its CCS & CCB funding programs

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	1,382,964	1,357,988
- superannuation costs	154,570	142,320
- other costs	42,810	111,807
	1,580,344	1,612,115

3. Expenses (continued)

	2020 $	2019 $
Depreciation		
- buildings	40,873	41,770
- plant and equipment	24,106	58,285
- furniture and fittings	1,205	14,461
- motor vehicles	15,181	16,226
	81,365	130,742
Amortisation		
- franchise fees	20,354	13,612
- establishment costs	26,903	13,612
	47,257	27,224
Total depreciation and amortisation	128,622	157,966
Finance costs		
- Interest paid	5,186	8,475
Bad and doubtful debts expenses	1,861	394
(Gain) / Loss on disposal of property, plant and equipment	8,680	11,263
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	6,150	6,000
- preparation of accounts and other accounting services	1,950	1,867
	8,100	6,000

Operating expenses

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

Borrowing costs

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

Depreciation

The depreciable amount of all fixed assets, including buildings, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of asset	*Rate*	*Method*
Buildings	2.50%	Straight line
Furniture & fittings	5-15%	Diminishing value
Plant and equipment	5-50%	Straight line & Diminishing value
Motor vehicles	18.75%	Diminishing value
Franchise Fees	20.00%	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	101,002	99,075
Deferred tax expense	(2,682)	(8,794)
Under / (over) provision of prior years	1	(19,329)
	98,321	**70,952**
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%)	98,320	90,903
Add tax effect of:		
- Under / (over) provision of prior years	1	(19,329)
- Non-deductible expenses	-	(622)
Income tax attributable to the entity	**98,321**	**70,952**
The applicable weighted average effective tax rate is:	27.50%	21.46%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	24,075	25,797
Income tax paid	(117,003)	(100,797)
Current tax	101,002	99,075
	8,074	**24,075**
d. Deferred tax asset		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Accruals	6,646	4,889
Employee provisions	52,631	50,636
NVF share of JO Inventory	1,646	2,716
	60,923	58,241
Deferred tax liabilities comprise:		
Property, plant & equipment	56,753	56,753
	56,753	56,753
Net deferred tax asset	**4,170**	**1,488**
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(2,683)	10,535
Under / (over) provision prior years	1	(19,329)
	(2,682)	**(8,794)**

4. Income tax (continued)

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

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

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

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

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

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

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

5. Cash and cash equivalents

	2020	2019
	$	$
Cash at bank and on hand	989,601	544,313
	989,601	**544,313**

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.

6. Trade and other receivables

	2020	2019
	$	$
Current		
Trade receivables	205,732	223,838
	205,732	**223,838**

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 < 30 days	Past due but not impaired 31-60 days	Past due but not impaired > 60 days	Past due and impaired
2020	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	205,732	205,732	-	-	-	-
Total	**205,732**	**205,732**	**-**	**-**	**-**	**-**
2019						
Trade receivables	223,838	223,838	-	-	-	-
Total	**223,838**	**223,838**	**-**	**-**	**-**	**-**

7. Inventory

	2020	2019
	$	$
Land development - Bourke Rd	123,419	492,498
	123,419	492,498

The company is party to a joint operation arrangement with Moira Shire Council for the development of land owned by Northern Victoria Finances Limited. As the land is not held for long term use in the company's operations, but rather development and disposal, the land and associated development costs have been classified as inventory.

Refer to note 23 for further information on the joint operation.

8. Property, plant and equipment

	2020 $ At cost / valuation	2020 $ Accumulated depreciation	2020 $ Written down value	2019 $ At cost / valuation	2019 $ Accumulated depreciation	2019 $ Written down value
Land - at fair value	750,000	-	750,000	203,179	-	203,179
Buildings - at fair value	2,090,000	-	2,090,000	1,606,550	(341,421)	1,265,129
Furniture and fittings - at cost	58,196	(37,074)	21,122	55,041	(35,869)	19,172
Plant and equipment - at cost	360,360	(317,788)	42,572	343,665	(293,146)	50,519
Motor vehicles - at cost	93,547	(33,682)	59,865	137,417	(53,691)	83,726
Total property, plant and equipment	**3,352,103**	**(388,544)**	**2,963,559**	**2,345,852**	**(724,127)**	**1,621,725**

Land and buildings

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

In the periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Director's valuations to ensure the land and buildings' carrying amount is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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.

8. Property, plant and equipment (continued)

(a) Capital expenditure commitments

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

(b) Movements in carrying amounts of PP&E

2020	Land $	Buildings $	Plant & Equipment $	Furniture & Fittings $	Motor Vehicles $	Total $
Opening carrying value	203,179	1,265,129	50,519	19,172	83,726	1,621,725
Additions	-	-	16,159	3,155	-	19,314
Disposals	-	-	-	-	(8,680)	(8,680)
Revaluations	546,821	865,744	-	-	-	1,412,565
Depreciation	-	(40,873)	(24,106)	(1,205)	(15,181)	(81,365)
Closing carrying value	**750,000**	**2,090,000**	**42,572**	**21,122**	**59,865**	**2,963,559**

2019	Land $	Buildings $	Plant & Equipment $	Furniture & Fittings $	Motor Vehicles $	Total $
Opening carrying value	203,179	1,306,899	61,702	20,338	68,411	1,660,529
Additions	-	-	47,102	13,295	54,819	115,216
Disposals	-	-	-	-	(23,278)	(23,278)
Depreciation	-	(41,770)	(58,285)	(14,461)	(16,226)	(130,742)
Closing carrying value	**203,179**	**1,265,129**	**50,519**	**19,172**	**83,726**	**1,621,725**

9. Intangible assets

	2020 $ At cost	2020 $ Accumulated amortisation	2020 $ Written down value	2019 $ At cost	2019 $ Accumulated amortisation	2019 $ Written down value
Franchise fees - Nathalia	64,436	(1,074)	63,362	68,056	(48,776)	19,280
Franchise fees - Numurkah	65,340	(7,623)	57,717	68,056	(48,776)	19,280
Goodwill	74,603	-	74,603	74,603	-	74,603
Total intangible assets	**204,379**	**(8,697)**	**195,682**	**210,715**	**(97,552)**	**113,163**

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

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 1(b) for a description of impairment testing procedures.

Movements in carrying amounts

2020	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees - Nathalia	19,280	64,436	(20,354)	63,362
Franchise fees - Numurkah	19,280	65,340	(26,903)	57,717
Goodwill	74,603	-	-	74,603
Total intangible assets	**113,163**	**129,776**	**(47,257)**	**195,682**

2019	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees - Nathalia	32,892	-	(13,612)	19,280
Franchise fees - Numurkah	32,892	-	(13,612)	19,280
Goodwill	74,603	-	-	74,603
Total intangible assets	**140,387**	**-**	**(27,224)**	**113,163**

10. 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.

11. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade creditors	21,348	56,205
Other creditors and accruals	51,364	98,480
Dividends payable	11,575	11,356
	84,287	**166,041**

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.

12. Borrowings

	2020 $	2019 $
Current		
Secured liabilities		
Bank Loans	57,912	99,212
Finance loans	32,099	37,727
	90,011	**136,939**
Non-current		
Secured liabilities		
Finance loans	22,957	57,448
	22,957	**57,448**
Total borrowings	**112,968**	**194,387**

12. Borrowings (continued)

Loans
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as 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.

(a) Loans
(i) The company has a mortgage loan over the childcare centre which is subject to normal terms and conditions. The current interest rate on this loan is 6.3%pa. This loan had been created to fund the construction of the Nathalia Community Early Learning Centre and is secured by the land and buildings at 20 Bromley street.

(iii) The company has a mortgage loan with the Bendigo Bank (DSE) which is subject to normal terms and conditions. The current interest rate is 5.46%pa. This loan is secured by both 42 Blake Street and 20 Bromley Street, and a registered mortgage debenture over the company.

13. Provisions

	2020 $	2019 $
Current		
Employee benefits	149,460	151,296
Non-current		
Employee benefits	41,926	32,836
Total provisions	**191,386**	**184,132**

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.

14. Share capital

	2020 $	2019 $
391,256 Ordinary shares fully paid	391,256	391,256
	391,256	**391,256**

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	391,256	391,256
Shares issued during the year	-	-
At the end of the reporting period	**391,256**	**391,256**

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

(b) Capital management

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

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

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

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

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

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

15. Retained earnings

	2020 $	2019 $
Balance at the beginning of the reporting period	1,809,741	1,567,742
Profit for the year after income tax	259,208	259,606
Dividends paid	(14,714)	(17,607)
Balance at the end of the reporting period	**2,054,235**	**1,809,741**

16. Dividends paid or provided for on ordinary shares

	2020 $	2019 $
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 4 cents per share (2019:4.5) franked	14,714	17,607

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.

17. Reserves

	2020 $	2019 $
Asset revaluation reserve		
Balance at the beginning of the reporting period	227,393	227,393
Fair value movements during the period	1,412,564	-
Balance at the end of the reporting period	**1,639,957**	**227,393**

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

18. Earnings per share

	2020 $	2019 $
Basic earnings per share (cents)	66.25	66.35
Earnings used in calculating basic earnings per share	259,208	259,606
Weighted average number of ordinary shares used in calculating basic earnings per share	391,256	391,256

Basic earnings per share

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

19. Statement of cash flows

(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:

	2020 $	2019 $
Cash and cash equivalents (Note 5)	989,601	544,313
As per the Statement of Cash Flow	**989,601**	**544,313**

(b) Reconciliation of cash flow from operations with profit/loss after income tax

	2020 $	2019 $
Profit for the year after income tax	259,208	259,606
Non-cash flows in profit		
- Depreciation and amortisation	128,622	157,966
- Bad debts	1,861	394
- Net loss on disposal of property, plant & equipment	8,680	11,263
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	16,245	(44,753)
- (Increase) / decrease in deferred tax asset	(2,682)	(28,123)
- Increase / (decrease) in trade and other payables	(81,754)	(53,772)
- Increase / (decrease) in current tax liability	(16,001)	(1,722)
- Increase / (decrease) in provisions	7,254	25,146
Net cash flows from operating activities	**321,433**	**326,005**

20. Key management personnel and related party disclosures

(a) Key management personnel

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

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

	2020 $	2019 $
Short-term employee benefits	5,000	5,000
Total key management personnel compensation	**5,000**	**5,000**

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

(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.

20. Key management personnel and related party disclosures

(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 $
Dellcorp Pty Ltd	*Accounting services*	*58,275*

The Northern Victoria Finances 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.

(d) Key management personnel shareholdings

The number of ordinary shares in Northern Victoria Finance Limited held by each key management personnel of the company during the financial year is as follows:

	2020	2019
David Lidell	1,000	1,000
Kaye Bernhardt	2,000	2,000
Helen Ginnivan	300	300
Kristy Limbrick	-	-
Sherelle Smith	-	-
Ian Bereton	500	500
Neroli Eddy	-	-
	3,800	3,800

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

(e) Other key management transactions

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

21. Events after the reporting period

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

22. Contingent liabilities and contingent assets

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

23. Operating segments

(a) Description of segments and principal activities

1 - Banking services: As detailed in Note 1, the entity operates in the financial services sector where it provides banking services to its clients. The company operates in two geographic area being Nathalia and Numurkah, Victoria, whereby the board monitors performance of the two branches separately. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2019: 100%).

2 - Childcare services: The company is an Approved Provider of long day care and associated services at the Nathalia Early Learning Centre, which was purchased on 1 August 2014. This business segment was commenced to maintain an important service for the community.

3 - Bourke Rd Development: Relates to the development of land in a joint arrangement with the Moira Shire Council.

(b) Segment results	$	$	$	$	$	
	Nathalia	**Numurkah**	**Childcare**	**Bourke Rd**	**Eliminations**	**Total**
Revenue	1,033,461	706,959	1,084,067	323,410	(189,972)	2,957,925
Expenses						
Employee benefits expense	445,593	278,314	856,059	-	-	1,579,966
Depreciation and amortisation	72,014	36,339	20,269	-	-	128,622
Finance costs	4,892	294	-	-	-	5,186
Other Expenses	216,765	199,489	291,912	368,050	(189,972)	886,244
	739,264	514,436	1,168,240	368,050	(189,972)	2,600,018
Profit before income tax	**294,197**	**192,523**	**(84,173)**	**(44,640)**	**-**	**357,907**

(b) Segment assets and liabilities						
Assets						
Current assets						
Cash and cash equivalents	505,387	103,358	41,827	339,029	-	989,601
Trade and other receivables	68,728	63,104	46,420	27,480	-	205,732
Inventory	-	-	-	123,419	-	123,419
Total current assets	574,115	166,462	88,247	489,928	-	1,318,752
Non-current assets						
Property, plant and equipment	2,898,645	35,748	29,166	-	-	2,963,559
Intangible assets	63,362	121,353	10,967	-	-	195,682
Investment in joint operation	543,144	-	-	-	(543,144)	-
Deferred tax assets	4,170	-	-	-	-	4,170
Total non-current assets	3,509,321	157,101	40,133	-	(543,144)	3,163,411
Total assets	**4,083,436**	**323,563**	**128,380**	**489,928**	**(543,144)**	**4,482,163**

23. Operating segments (continued)

(b) Segment assets and liabilities (continued)

Liabilities	$	$	$	$	$	
Current liabilities	**Nathalia**	**Numurkah**	**Childcare**	**Bourke Rd**	**Eliminations**	**Total**
Trade and other payables	38,483	23,793	22,011	-	-	84,287
Current tax liability	8,074	-	-	-	-	8,074
Borrowings	70,323	9,832	9,856	-	-	90,011
Provisions	78,181	31,230	40,049	-	-	149,460
Total current liabilities	195,061	64,855	71,916	-	-	331,832
Non-current liabilities						
Borrowings	11,938	6,502	4,517	-	-	22,957
Provisions	8,754	4,846	28,326	-	-	41,926
Total non-current liabilities	20,692	11,348	32,843	-	-	64,883
Total liabilities	**215,753**	**76,203**	**104,759**	**-**	**-**	**396,715**
Net assets	**3,867,683**	**247,360**	**23,621**	**489,928**	**(543,144)**	**4,085,448**

24. Commitments

Finance loan commitments

Finance loan liabilities are payable exclusive of GST as follows:

	2020 $	2019 $
Payable - minimum lease payments:		
- no later than 12 months	-	18,726
- between 12 months and five years	-	38,206
Minimum lease payments	**-**	**56,932**
Less future interest charges	-	(6,147)
Finance lease liability	**-**	**50,785**

Finance loan comprise leases of solar panels under normal commercial finance lease terms and conditions repayable over 4 years.

25. Joint operations

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Northern Victoria Finances Limited has an interest in the Bourke Road Development with the Moira Shire Council. Under this agreement, the parties were to develop land for resale to promote investment within the community, with the net profit/(loss) on disposal to be shared equally. The agreement notes the two partners have direct rights to the assets of the development and are jointly and severally liable for the liabilities incurred by the partnership. Furthermore, the company is not run through a separate vehicle. This entity is therefore classified as a joint operation and the company recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

As at 30 June 2020, the company had a 62% share of the net assets of the joint arrangement (2019: 62%) as it had contributed more to the development than Moira Shire Council.

Upon sale of the land, the proceeds will be split 50:50 to each member until the equity contributions are repaid in full, at which stage any excess will be shared equally.

Further information on the companies share of assets, liabilities, revenues and expenses are contained in note 23.

26. Company details

The registered office and principle place of business is 42 Blake Street, Nathalia VIC 3638.

27. Financial instrument risk

Financial risk management policies

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

Specific financial risk exposure and management

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

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

	Note	2020 $	2019 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	989,601	544,313
- Trade and other receivables	6	205,732	223,838
Total financial assets		**1,195,333**	**768,151**
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	11	84,287	166,041
- Borrowings	12	112,968	194,387
Total financial liabilities		**197,255**	**360,428**

(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.

27. 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.

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

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

Financial liability and financial asset maturity analysis:

30 June 2020	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	0.01%	989,601	989,601	-	-
- Trade and other receivables		205,732	205,732	-	-
Total anticipated inflows		1,195,333	1,195,333	-	-
Financial liabilities					
- Trade and other payables		84,287	84,287	-	-
- Borrowings	6.02%	112,968	90,011	22,957	-
Total expected outflows		197,255	174,298	22,957	-
Net inflow / (outflow) on financial instruments		**998,078**	**1,021,035**	**(22,957)**	**-**

(b) Liquidity risk (continued)

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	0.00%	544,313	544,313	-	-
- Trade and other receivables		223,838	223,838	-	-
Total anticipated inflows		768,151	768,151	-	-
Financial liabilities					
- Trade and other payables		166,041	166,041	-	-
- Borrowings	5.83%	194,387	136,939	57,448	-
Total expected outflows		360,428	302,980	57,448	-
Net inflow / (outflow) on financial instruments		**407,723**	**465,171**	**(57,448)**	**-**

27. 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 +/- <<>>% in market interest rates from year-end rates.

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

Other price risk

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

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

- A parallel shift of +/- 1% in equity prices from year-end rates.

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

28. Fair value measurements

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

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

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

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

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

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

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

(a) Fair value hierarchy

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

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

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

30. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

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

	30 June 2020			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	750,000	-	750,000
Buildings	-	2,090,000	-	2,090,000
Total non-financial assets recognised at fair value	-	2,840,000	-	2,840,000

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	38,000	-	38,000
Buildings	-	246,930	-	246,930
Total non-financial assets recognised at fair value	-	284,930	-	284,930

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

(b) Valuation techniques

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

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

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

28. Fair value measurements (continued)

Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2020 $	Description of valuation techniques
Freehold land	750,000	Valuation of land and buildings using the market approach were undertaken by a qualified independent valuer in 2020. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions.
Buildings	2,090,000	

The fair value of freehold land and buildings is determined at least every five years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies. The land and buildings were reviewed at June 2020.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

Northern Victoria Finances Limited
ABN 33 091 514 966
Directors' declaration

In accordance with a resolution of the Directors of Northern Victoria Finances Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 40 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.

David Liddell
Director

Signed at Nathalia on 29 October 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NORTHERN VICTORIA FINANCES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Northern Victoria Finances 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 Northern Victoria Finances Limited is in accordance with the *Corporations Act 2001*, including:

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

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

Basis for Opinion

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

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

Independence

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

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

Director's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Other Information

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

RSD Audit
Chartered Accountants

P. P. Delahunty
Partner
Bendigo
Dated: 29 October 2020

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