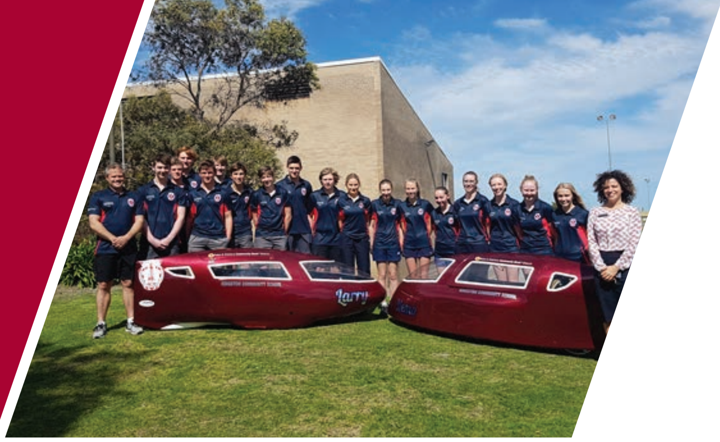
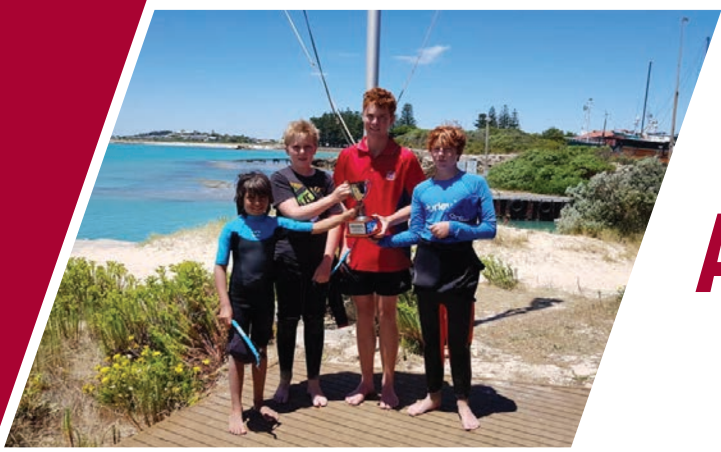
Robe Community Financial Services Limited

ABN 24 101 974 887





2019 Annual Report

Robe & Districts **Community Bank** Branch

Contents

Chairperson's report

For year ending 30 June 2019

Dear Shareholder,

I want to thank you, without your initial and ongoing support $340,000 of sponsorship would not have been possible.

I was elected Chairperson by the Board at the December meeting. I was very thankful to have the opportunity to take on the role and am looking forward to, along with the Board, helping with the strategic plan of the branch, encouraging sponsorship applications and to collaborate with other community groups to help build a better region. I would like to thank outgoing Chair Mark Baker for all that he has done to help shape a successful and profitable **Community Bank** branch.

I came to Robe for the first time back in February of 2000. Visiting my mum who had recently purchased a small café in town. The following year I moved here for the summer working days at the newly named Aunties B's and nights waiting tables at The Caledonian Inn. I enjoyed it that much I returned the following year with my partner. In 2005 I took over ownership of the café with Jake and renamed it Union café. Relocating it to its current location in 2008. With a brief stint in Melbourne from 2010 to 2014 we returned to Robe. Where I started playing tennis for Robe, being a committee member and captaining the team for the last three years. I had the pleasure of joining the Board in late 2016.

We are very lucky to have local members of the community, Tracey, Sharon, Emma, Katie-Anne, Deanna, Lonny and Kelly be a part of our team here in our Robe & Districts **Community Bank** Branch and Pauline who runs the agency in Kingston. I thank them all for their commitment throughout the year.

The year has seen continued success for Robe & Districts **Community Bank** Branch. At the end of the financial year our total business stood at approximately $92 million, a strong increase on the previous year of $82 million. This has allowed us to report a profit for the third year in a row. And continued support will allow higher amounts of contributions back to the community. With over $80,000 donated back to the community.

Tracey continued her weekly visits to Kingston and Lucindale, building on the connection to these regions and is looking to further our district to Beachport.

In the coming year we will need to invest in the renovation of our branch, allowing us to provide better service to our customers.

I'd like to particularly thank Board members who in a voluntary capacity contribute significant time, energy and expertise to the task of managing the company.

Once again, I express the confidence that our shareholders are able to take satisfaction in the achievements the bank established with their capital; pride in providing a growing and distinctive banking business, pleasure in the people who have been employed by the bank, contentment that their bank is able to provide tangible assistance in helping to build and strengthen our community.

Regards

Andrew Brown
Chairperson

Manager's report

For year ending 30 June 2019

What a year it was for our customers, community, shareholders and our local community groups. The 2019 financial year truly delivered on the **Community Bank** concept, as we celebrated our highest return to local communities, injecting over $80,000 into projects and initiatives.

We had great growth across our lending and deposit book in what had been a tough year with decreasing interest rates and consumers lacking confidence in the finance industry. Our total book of business now sits at $92 million as we narrow in on $350,000 in community contributions.

We also saw a push to digitalise banking, making competition tough as we look to find ways to compete, whilst keeping our focus of being customer facing and customer connected. We've seen Bendigo Bank introduce a digital bank, Up Bank, as well as an Express Home Loan product allowing customers to obtain online home loan approval. It is important to see our brand evolving in the digital world, nevertheless we know our customers and understand that face to face value is key and a significant contributing factor to maintaining and growing our business. We have continued to maintain our weekly presence in Kingston and Lucindale for lending and general banking appointments and it is pleasing that majority of these visits are made up of appointments with new to bank customers.

Whilst it is important to grow and adapt in this changing world, it is just as important to deliver on our current values and I feel that the values all our staff live by is what sets us apart from our competitors. When new customers are asked, "What made you chose to bank with us?" the answers are always one of, or a combination of, "we love how you give back to the community and want to help," and "we've heard the service is great," or "we want to be able to sit down with someone face-to-face." Each time this brings a smile to my face as I've seen a significant increase in our community knowing our capabilities and understanding the **Community Bank** model. Our customers are becoming our ambassadors.

Bendigo Bank continues to be a valued and trusted brand. The Bank was awarded Australia's most trusted bank by Roy Morgan in Roy Morgan's Net Trust Score Survey, where we were impressively named in the top 10 trusted brands across all industries and noted as the only bank brand to receive a positive net trust score and defy the fallout from the Financial Services Royal Commission. In comparison, our major competitors were listed in the top ten most distrusted list. Bendigo Bank were also awarded the Mozo People's Choice Award for Banking and Insurance. Our corporate team have gone to great lengths to engage with communities and promote brand awareness which we complement by sharing our story to our community, whether that be in branch or at various community events.

We have a dynamic team in branch who all work together highlighting each other's strengths. Our experienced staff members Sharon Hondow and Emma Brooks have recently been joined by Lonny Peel and Kelly Burton and we also welcomed back Katie-Anne Agnew from maternity leave. In 2018 we employed school-based trainee Deanna Moreland. Deanna completed her Certificate III in Business Studies as part of her traineeship with flying colours. Deanna has been such a wonderful asset to the team and has been working full-time as a Customer Service Officer in her gap year before commencing university in 2020. It really feels like we have found the perfect balance.

So, what does the next 12 months hold? We know the year ahead will be challenging with interest rates tightening and prudential lending policies in place. Our vision is to continue business growth by evolving our branch, upskilling current staff and venturing further to nearby towns to make sure our story is heard by all. We are focused on providing the best outcomes for our customers and stakeholders.

I would like to thank our staff for their passionate attitude towards helping our community grow and to our Board of Directors for their guidance, leadership and commitment to our community. I'd also like to thank our Business Banker, Lachlan Wookey, who has continued to provide excellent support and work alongside our branch for new and existing customers.

Kind regards

Tracey Bainger
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2019

As a Bank of 160-plus years, we're proud to hold the mantle of Australia's fifth biggest bank. In today's banking environment it's time to take full advantage of this opportunity and for even more people to experience banking with Bendigo Bank and our way of banking, and with our **Community Bank** partners.

In promoting our point of difference it's sometimes lost that although we're different, we're represented in more than 500 communities across Australia and offer a full suite of banking and financial products and services. In many ways we're also a leader in digital technology and meeting the needs of our growing online customer base, many of whom may never set foot in a traditional bank branch.

At the centre of our point of difference is the business model you chose to support as a shareholder that supports local communities. Whether you're a shareholder of our most recent **Community Bank** branch which opened in Smithton, Tasmania, in June 2019, or you're a long-time shareholder who, from more than 20 years ago, you all play an important role. Your support has enabled your branch, and this banking model, to prosper and grow. You're one of more than 75,000 **Community Bank** company shareholders across Australia who are the reason today, we're Australia's only bank truly committed to the communities it operates in.

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your **Community Bank** company local Board of Directors.

Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

As a Bank, we're working hard to ensure that those who are not banking with us, and not banking with your **Community Bank** branch, make the change. It really is a unique model and we see you, the shareholder, as playing a key role in helping us grow your local **Community Bank** business. All it takes is a referral to your local Branch Manager. They'll do the rest.

We find that our customer base is a very loyal group. It's getting people to make the change that's the challenge. In today's environment, we've never had a better chance to convince people to make the change and your support in achieving this is critical.

From Bendigo and Adelaide Bank, once again, thank you for your ongoing support of your **Community Bank** branch and your community.

We would also like to thank and acknowledge the amazing work of your branch staff and Directors in developing your business and supporting the communities that you live and work in.

Mark Cunneen

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Dividends and sponsorships

Dividend payment history

Dividend to shareholders			
Financial year	**Amount per share**	**Franking level***	**Date paid**
2011/12	0.05	unfranked	15 February 2013
2012/13	0.05	unfranked	14 February 2014
2016/17	0.05	unfranked	20 November 2017
2017/18	0.10	unfranked	31 March 2019

Sponsorships and contributions

Allocation of funds to various community projects and initiatives	
Financial year	**Community contribution**
2014/15	$31,150
2015/16	$13,375
2016/17	$11,385
2017/18	$18,485
2018/19	$81,039

$81,039
2018/19 Sponsorships & contributions

$332,357
Sponsorships & contributions since opening.

Community sponsorship recipients	
Community group	**Contribution**
Cape Jaffa Seafood and Wine Festival	$1,000
Health, Harmony & Happiness Festival	$100
Kingston Bowling Club	$830
Kingston SE Netball Club	$250
Kingston Community School	$2,000
Kingston Community Men's Shed	$312
Kingston SE National Trust	$500
Kingston SE AP&H Society	$1,200
Kingston SE Football Club	$900
Kingston SE Golf Club	$400
Kingston SE Triathlon	$1,000
Lucindale AP&H Society	$1,000
Lucindale Campdraft Association	$565
Lucindale Community Economic Dev Fund	$1,500
Lions Club – Scholarships Robe, Kingston & Lucindale	$3,500
Robe Christmas Parade	$500
Robe Aero Club	$500
Robe Bowling Club	$500
Robe Golf Club	$11,100
Robe Junior Football Club	$3,300
Robe Medical Centre	$42,963
Robe Netball Club	$619
Robe Primary School	$2,000
Robe Yacht Club	$2,000
Southern Ocean Arts Prize	$2,500

Operating and financial review

For the financial year ended 30 June 2019

Principal Activities

The principal activities of the company during the financial year were:

to provide a banking and financial service to Robe and the surrounding districts

Significant Changes to Activities

There were no significant changes in the nature of the company's principal activities during the financial year.

Operating Results

The profit of the entity amounted to $91,496, after providing for income tax. This represented a 30% decrease on the results reported for the year ended 30 June 2018. The decrease was largely from a $55,000 increased community sponsorship including $30,000 to the new medical clinic.

Financial Position

The net assets of the entity have increased from $249,255 at 30 June 2018 to $296,190 in 2019. This increase has largely resulted from:

- strong operating performance of the company;

The directors believe the entity is in a strong and stable financial position.

Events after the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity.

Future Developments, Prospects and Business Strategies

Likely developments in the operations of the company and the expected results of those operations in the future finanical years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Issues

The entity’s operations are not regulated by any significant enviromental regulation under a law of the Commonwealth or of the State.

Directors' report

For the financial year ended 30 June 2019

Your directors present their report on the entity ROBE COMMUNITY FINANCIAL SERVICES LTD for the financial year ended 30 June 2019.The information in the preceding Operating and Financial Review forms part of this Directors Report for the financial year ended 30 June 2019 and is to be read in conjunction with the following information:

General Information

Directors

The following persons were directors during or since the end of the financial year up to the date of this report:

Mark Andrew Baker
Evelyn Ann Schinckel
Annie Marie Matthews
Geoffrey Colin Saunders
Adrian Johns
Tommy Davidson
Andrew Brown
An Tran

Dividends Paid or Recommended

Dividends paid or declared for payment during the financial year are as follows:

- Interim ordinary dividend of $44,561 was paid on 28/02/2019

Indemnifying Officers or Auditor

No indemnities have been given, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company. The Directors are covered by a policy to a limit of $5,000,000 covering compregensive crime and professional indemnity which is paid by the company.

Proceedings on Behalf of the 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.

Non-audit Services

The Board of Directors, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board of Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found within this Financial Report.

Options

There have been no options granted over unissued shares or interests of any controlled entity within the Company during or since the end of the reporting period.

Auditor's independence declaration

Bordertown T 08 8752 1300
PO Box 270, Bordertown SA 5268
E bordertown@murraynankivell.com.au

Naracoorte T 08 8762 1544
PO Box 403, Naracoorte SA 5271
E naracoorte@murraynankivell.com.au

Murray Bridge T 08 8531 1563
PO Box 3007, Murray Bridge SA 5253
E mb@murraynankivell.com.au

www.murraynankivell.com.au
ABN 68 191 400 792

MURRAY NANKIVELL
Your future...count on us

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF ROBE COMMUNITY FINANCIAL SERVICES LIMITED

I declare that, to the best of my knowledge and beliefs, during the year ended 30 June 2019 there have been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Mark Stephen Edwards
Chartered Accountant

172 Smith Street
Naracoorte, SA, 5271

Registered Auditor: Mark Edwards
Registered Auditor No. 289565

23 September 2019

Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

ROBE COMMUNITY FINANCIAL SERVICES LTD ABN: 24 101 974 887
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Continuing operations			
Revenue	2	678,254	644,653
Other income	2	12,274	-
Employee benefits expense		(301,680)	(262,373)
Depreciation and amortisation expense		(17,086)	(22,994)
Other expenses		(248,124)	(181,471)
Finance Costs		(4,684)	(6,270)
Profit before income tax		118,953	171,544
Tax expense	4	(27,457)	(40,412)
Net Profit from continuing operations		91,496	131,132
Discontinued operations			
Net Profit for the year	3	91,496	131,132
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		91,496	131,132

The accompanying notes form part of these financial statements.

Financial statements (continued)

ROBE COMMUNITY FINANCIAL SERVICES LTD ABN: 24 101 974 887
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	162,740	154,228
Trade and other receivables	7	64,643	47,839
Other assets	9	3,668	3,507
TOTAL CURRENT ASSETS		231,051	205,574
NON-CURRENT ASSETS			
Property, plant and equipment	8	158,475	134,199
Deferred tax assets	13	20,555	48,012
Intangible assets	9	50,597	180
TOTAL NON-CURRENT ASSETS		229,627	182,391
TOTAL ASSETS		460,679	387,965
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	50,974	16,216
Borrowings	12	18,344	18,277
Provisions	14	16,657	14,326
TOTAL CURRENT LIABILITIES		85,974	48,819
NON-CURRENT LIABILITIES			
Borrowings	12	78,514	89,891
Deferred tax liabilities	13	-	-
TOTAL NON-CURRENT LIABILITIES		78,514	89,891
TOTAL LIABILITIES		164,489	138,709
NET ASSETS		296,190	249,255
EQUITY			
Issued capital	15	427,989	427,989
Reserves	19	-	-
Retained earnings		(131,799)	(178,733)
TOTAL EQUITY		296,190	249,255

The accompanying notes form part of these financial statements.

ROBE COMMUNITY FINANCIAL SERVICES LTD ABN: 24 101 974 887
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Note	Share Capital Ordinary	Retained Earnings	Total
		$	$	$
Balance at 1 July 2017		427,989	(287,928)	140,061
Retrospective adjustment upon change in accounting policy (AASB 9 and inventory)	1m			-
Balance at 1 July 2017 (restated)		427,989	(287,928)	140,061
Comprehensive income				
Profit for the year			131,132	131,132
Total comprehensive income for the year		-	131,132	131,132
Transactions with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year			(21,938)	(21,938)
Total transactions with owners and other transfers		-	(21,938)	(21,938)
Balance at 30 June 2018		427,989	(178,733)	249,255
Balance at 1 July 2018		427,989	(178,733)	249,255
Cumulative adjustment upon change in accounting policy (AASB 15)				-
Balance at 1 July 2018 (restated)		427,989	(178,733)	249,255
Comprehensive income				
Profit for the year (without AASB 15 implication)			91,496	91,496
Total comprehensive income for the year		-	91,496	91,496
Transactions with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year			(44,561)	(44,561)
Total transactions with owners and other transfers		-	(44,561)	(44,561)
Balance at 30 June 2019		427,989	(131,799)	296,190

The accompanying notes form part of these financial statements.

ROBE COMMUNITY FINANCIAL SERVICES LTD ABN: 24 101 974 887
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		678,254	644,178
Payments to suppliers and employees		(531,956)	(436,393)
Interest received		1,647	-
Finance costs		(4,540)	-
Trade Creditors		33,334	1,007
GST		(54)	(139)
PAYG Witholding		595	(2,956)
Debtors		(16,804)	8,297
Dividends		(44,561)	(21,937)
Franchise Fee		(58,760)	-
Provision for Annual Leave		2,331	-
Lease Amount Paid		(17,095)	(16,437)
Net cash generated by operating activities	16a	42,391	175,620
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(19,340)	-
Net cash (used in)/generated by investing activities		(19,340)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings - other		(14,539)	(42,805)
Net cash provided by/(used in) financing activities		(14,539)	(42,805)
Net increase/(decrease) in cash held		8,512	132,815
Cash and cash equivalents at beginning of financial year		154,228	21,413
Cash and cash equivalents at end of financial year	6	162,740	154,228

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2019

This financial report includes the financial statements and notes of ROBE COMMUNITY FINANCIAL SERVICES LTD.

The financial statements were authorised for issue on 23/09/2019 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

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 in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income Tax

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

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 using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred 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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off 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 or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

The Company measures 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 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie 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 (ie 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 fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and 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 either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(k) for details of impairment).

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

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's 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 entity 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.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Leasehold improvements	4-37.5%
Plant and equipment	5-50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(d) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

Notes to the financial statements (continued)

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs, except where the instrument is classified 'at 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. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and Subsequent Measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

  Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

  The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

  By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

  The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie 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.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

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

The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and if:

— the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
— there is no significant increase in credit risk since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

— trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
— lease receivables.

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

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Company measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

— significant financial difficulty of the issuer or borrower;
— a breach of contract (eg default or past due event);
— a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
— high probability that the borrower will enter bankruptcy or other financial reorganisation; and
— the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Company applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

— there is a low risk of default by the borrower;
— the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
— adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

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

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(e) 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, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. 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 costs of disposal 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 (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the financial statements (continued)

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) Employee Benefits

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 twelve 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 company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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 remeasurements 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.

Termination benefits

When applicable, the Company recognises a liability and expense for termination benefits at the earlier of:

- the date when the Company can no longer withdraw the offer for termination benefits; and
- when the Company recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits.

In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

(g) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(i) Trade and Other Payables

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.

(j) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Notes to the financial statements (continued)

(k) 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.

(l) Comparative Figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(m) New and amended accounting policies adopted by the Company

Initial application of AASB 9: Financial Instruments

The Company has adopted AASB 9: Financial Instruments with an initial application date of 1 July 2018.

AASB 9 requires retrospective application with some exemptions and exceptions.

There were no financial assets/liabilities which the Company had previously designated as fair value through profit or loss under AASB 139 that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the Company has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The Company applied AASB 9 (as revised in July 2014) and the related consequential amendments to other Standards. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the Company's business model and the cash flow characteristics of the financial assets:

Classification and measurement of financial liabilities

AASB 9 determines that the measurement of financial liabilities and the classification relate to changes in the fair value designated as at fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income. Unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained earnings when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented in profit or loss.

(n) 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.

Key Estimates

(i) Impairment

The company assesses impairment at the end of each reporting period by evaluating the 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.

(o) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

— AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

The Company has chosen not to early-adopt AASB 16. However, the Company has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees, as the new Standard does not differentiate between operating and finance leases.

An asset and a financial liability are recognised in accordance with this new Standard. There are, however, two exceptions allowed. These are short-term and low-value leases.

Basis of preparation

The accounting for the Company's operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the Company from its mandatory adoption date of 1 July 2018. The comparative amounts for the year prior to first adoption will not be restated as the Company has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

Given that the Company's activities as a lessor will not be materially impacted by this new standard, the Company does not expect any significant impact on its financial statement from a lessor perspective. Nonetheless, starting next year, additional disclosures will be required.

Note 2 Revenue and Other Income

The Company has recognised the following amounts relating to revenue in the statement of profit or loss.

	Note	2019 $	2018 $
Continued operations			
Other sources of revenue	2	678,254	644,653
		678,254	644,653
Other income	2	12,274	-
(a) Other sources of revenue			
— Total interest received		1,647	-
— Sales revenue		676,607	644,653
Total other sources of revenues		678,254	644,653
(b) Other income			
— Other Income		12,274	-
Total other income		12,274	-

The Company applies the practical expedient in AASB 15.121 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Note 3 Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:	Note	2019	2018
(a) Expenses		$	$
Employee benefits expense			
— defined contribution superannuation expense		301,680	262,373

Note 4 Tax Expense

	Note	2019 $	2018 $
(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018: 27.5%)		35,686	51,463
		35,686	51,463
The weighted average effective tax rates are as follows:		23.1%	23.6%

The decrease in the weighted average effective tax rate for 2019 is a result of accelerated tax allowances on plant and equipment compared to 2018.

Note 5 Auditor's Remuneration

	2019 $	2018 $
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	6,810	6,710
	6,810	6,710

Notes to the financial statements (continued)

Note 6 Cash and Cash Equivalents

	Note	2019 $	2018 $
Cash at bank and on hand		162,740	154,228
	19	162,740	154,228

Reconciliation of cash

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

	Note	2019 $	2018 $
Cash and cash equivalents		162,740	154,228
Bank overdrafts	12	-	-
		162,740	154,228

A floating charge over cash and cash equivalents has been provided for certain debts.

Note 7 Trade and Other Receivables

	Note	2019 $	2018 $
CURRENT			
Trade receivables		64,643	47,839
		64,643	47,839
Total current trade and other receivables		64,643	47,839

Credit risk

The entity has no significant concentration of credit risk with respect to any single counterparty other than those receivables specifically provided for and mentioned within Note 7. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk to the entity.

	Note	2019 $	2018 $
(a) **Financial Assets Measured at Amortised Cost**			
Trade and other Receivables			
— Total current		64,643	47,839
— Total non-current		-	-
		64,643	47,839
Less construction contracts in progress			
Total financial assets measured at amortised cost	18	64,643	47,839

Note 8 Property, Plant and Equipment

	2019 $	2018 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	55,510	55,510
Accumulated depreciation	(54,504)	(53,970)
	1,006	1,541
Leasehold improvements		
At cost	70,972	70,972
Accumulated amortisation	(48,120)	(44,679)
	22,852	26,293
Motor Vehicle at Cost	53,825	24,507
Accumulated Depreciation	(15,501)	(10,732)
	38,324	13,775
Lease (Right to Use Asset)	96,292	92,589
Total plant and equipment	158,475	134,199
Total property, plant and equipment	158,475	134,199

Notes to the financial statements (continued)

Note 9 Intangible Assets

	2019 $	2018 $
Intangible Assets	-	180
Franchise Fees	50,597	-
Total intangible assets	50,597	180

Note 10 Other Assets

	2019 $	2018 $
CURRENT		
Prepayments	3,668	3,507
NON-CURRENT		
Prepayments	-	-
	3,668	3,507

Note 11 Trade and Other Payables

	Note	2019 $	2018 $
CURRENT			
Unsecured liabilities			
Trade payables		35,747	1,635
— GST & Payroll		15,227	14,581
		50,974	16,216

	Note	2019 $	2018 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total Current		50,974	16,216
— Total Non-Current		-	-
		50,974	16,216
Less construction contract advances and payables			
Less other payables (net amount of GST payable)			
Financial liabilities as trade and other payables		50,974	16,216

Note 12 Borrowings

	Note	2019 $	2018 $
CURRENT			
Lease liability	15	17,778	17,095
Borrowings		565	1,182
		18,344	18,277
Total current borrowings		18,344	18,277
NON-CURRENT			
Lease liability	15	78,514	75,495
Borrowings		-	14,396
		78,514	89,891
Total non-current borrowings		78,514	89,891
Total borrowings	18	96,858	108,168

Note 13 Tax

	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rates	Exchange Differences	Closing Balance
Deferred tax assets	$	$	$	$	$	$
Provisions and accruals						-
Other						-
Deferred Tax Assets						48,012
Balance as at 30 June 2018	-	-	-	-	-	48,012
Provisions and accruals	-					-
Other	-					-
Deferred Tax Assets	48,012					20,555
Balance as at 30 June 2019	48,012	-	-	-	-	20,555

Note 14 Provisions

Analysis of Total Provisions

	2019 $	2018 $
Current	16,657	14,326
Non-current	-	-
	16,657	14,326

Note 15 Issued Capital

	2019 $	2018 $
445,640 Ordinary Shares at $1	445,610	445,610
Prospectus Fees	(17,621)	(17,621)
	427,989	427,989

Note 16 Cash Flow Information

	2019 $	2018 $
(a) **Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax**		
Profit after income tax	46,935	109,194
Non-cash flows in profit		
Depreciation	17,086	22,994
Net (gain)/loss on disposal of property, plant and equipment	(12,274)	-
(Increase)/decrease in trade and term receivables	(16,965)	8,560
Increase/(decrease) in Lease Payable	3,702	
Increase/(decrease) in trade payables and accruals	32,879	(2,494)
(Increase)/decrease in Franchise Fees	(58,760)	
(Increase)/decrease in deferred taxes	27,457	40,412
Increase/(decrease) in Provisions	2,331	(3,046)
Net cash generated by operating activities	42,391	175,620

Note 17 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 18 Related Party Transactions

(a) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 19 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements.

	Note	2019 $	2018 $
Financial Assets			
Financial assets at amortised cost			
— cash and cash equivalents	6c	162,740	152,228
— trade and other receivables	7e	64,643	47,839
Total Financial Assets		227,383	200,067
Financial Liabilities			
Financial liabilities at amortised cost			
— Contingent consideration			
— Trade and other payables	10	50,974	16,216
Total Financial Liabilities		50,974	16,216

Financial Risk Management Policies

The Board of Directors monitors the company's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls.

Specific Financial Risk Exposures 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. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

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 entity.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that are otherwise assessed as being financially sound.

b. Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

c. Market Risk

i. *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.

Note 20 Company Details

The registered office of the company is:

ROBE COMMUNITY FINANCIAL SERVICES LTD
9 Victoria Street
ROBE SA 5276

The principal place of business is:

ROBE COMMUNITY FINANCIAL SERVICES LTD
9 Victoria Street
ROBE SA 5276

Directors' declaration

In accordance with a resolution of the directors of ROBE COMMUNITY FINANCIAL SERVICES LTD, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 4 to 19, are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the company;
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;
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Director AJ Brown

Andrew Brown

Dated this 23rd day of September 2019

Independent audit report

Bordertown T 08 8752 1300
PO Box 270, Bordertown SA 5268
E bordertown@murraynankivell.com.au

Naracoorte T 08 8762 1544
PO Box 403, Naracoorte SA 5271
E naracoorte@murraynankivell.com.au

Murray Bridge T 08 8531 1563
PO Box 3007, Murray Bridge SA 5253
E mb@murraynankivell.com.au

www.murraynankivell.com.au
ABN 68 191 400 792

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INDEPENDENT AUDITOR'S REPORT

To the Members of Robe Community Financial Services Limited
Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Robe Community Financial Services Ltd ('the Company') which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Robe Community Financial Services Ltd, is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

Those charged with governance are responsible for the other information. The other information comprises the information included in the Annual Report for the respective year, 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.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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

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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.

- 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 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.

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.

Mark Stephen Edwards
Chartered Accountant
172 Smith Street
Naracoorte, SA, 5271

Registered Auditor No. 289565

23 September 2019

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Robe & Districts **Community Bank** Branch
9 Victoria Street, Robe SA 5276
Phone: (08) 8768 1855 Fax: (08) 8768 2749

Franchisee: Robe Community Financial Services Limited
9 Victoria Street, Robe SA 5276
Phone: (08) 8768 1855
ABN: 24 101 974 887

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