Annual Report 2020

Robe Community Financial Services Limited

Community Bank
Robe & Districts

ABN 24 101 974 887

Contents

Chairperson's report

For year ending 30 June 2020

What a year we've had –particularly the last seven months! It would be hard to write this report without mentioning COVID-19 and the financial and social effect it has had on Australia, it's states and our communities. Many businesses are being forced to close with uncertainty about their future, community groups have been dealing with new restriction requirements, and having their yearly activities effectively cancelled. It was during this time the Community Bank Robe & Districts strategic direction was put on hold and caretaker mode adopted.

With government deeming banking as an essential business the Board addressed the need at the beginning of the pandemic to ensure that the employees' health was foremost priority, Tracey and the team implemented social distancing rules, a hand sanitiser station and scheduled interviews over the phone, if possible. All of these measures helped to ensure that no negative impact was felt by the customers and local community, such as reduced operating hours. The Board felt it necessary to put on hold any sponsorship applications. Further, after discussion with myself, the staff agreed to reduce their hours unpaid for the month of April. This allowed sufficient time to pass to measure the general health of the Bank - confirming the continued support to the community could be guaranteed for many years to come.

To Tracey, Emma, Sharon, Katie, Lonny, Kelly and newly appointed Robbie Chappel: the Board appreciates your commitment to the operation of the branch. You are all critical components in the overall success of the Bank and I look forward to many more productive years together. For the ongoing support of Pauline at the Kingston agency - a big thank you.

It is very pleasing to report that the financial position of the Bank is much better than first thought. Community Bank Robe & District's total business stands at $102 million to 30 June - almost a 10% increase from last financial year. This has allowed us to report a profit for the year and a 5 cent dividend to shareholders, the fourth year in a row.

The Community Bank model is such an integral part of our community, with at least 80% profits mandated to be returned back into the community once a taxable profit is declared. These guidelines help the Board decide where money is reinvested by supporting seven different areas, art, culture and heritage; education and research; emergency services; environment and animal welfare; health and research; infrastructure and facilities; and sports and recreation.

This year Community Bank Robe & Districts has donated $56,715 in support to local associations and projects in Robe, Kingston, Lucindale, and the region around which every customer and shareholder should be extremely proud of!

Board renewal continued and we recently welcomed Tom White. With his extensive operational, legal and business experience from being Managing Principal at Coulter Roache Law Firm in Geelong between 2008-2018 and a former Director and Chairperson of Community Bank Barwon Heads, adding significant value to Board discussions. Mark Baker and Adrian Johns retired from the Board and we thank them for their years of service, commitment and contribution. To the remaining Board members who give their time each month to help build a brand that everybody can be proud of. Well done!

Moving forward, I express optimism with the Bank position and that we can continue to fund community initiatives and return dividends to its shareholders for many years to come. We can do this by ensuring that we inform friends, family and colleagues about how important supporting the bank that supports your community is.

My pleasure,

Andrew Brown
Chairperson

Manager's report

For year ending 30 June 2020

First and foremost, I'd like to thank our shareholders, customers and local communities for their confidence in our branch which has enabled us to remain strong in a very trying time.

There has been a lot to reflect on in the last financial year, with many of these reflections paving the way for the new year. Our priority was to support our customers and communities who were impacted by the events of 2020: COVID-19, bushfires, floods and prolonged drought. Prior to these events, we understood tightening interest rates and prudential lending policies were impacting our bottom line. These issues became even more pressing in mid-2020 as we experienced record low interest rates and lending restrictions that impacted a significant amount of our customers. This set some serious challenges for our branch. Albeit the difficulties faced, our branch continued focusing on writing sufficient business to maintain our upwards trend. We were able to end the financial year with $8 million of growth to bring our total book of business to $102 million. The growth was even across lending and deposits. Our lending book grew by $7.2 million, allowing for amortisation, and our deposit book grew by $7.5 million. Closing in on the $100 million mark has been a long-term goal and it's extremely rewarding to see these results which is a reflection of our hard-working staff members and what has been a very busy year for us.

We have supported communities, near and far, with our own fundraising efforts that saw us raise funds for various charities such as the Bushfire Disaster Appeal and Breast Cancer Network SA. $56,715 was injected back into our local communities from our sponsorship grants program, bringing our total community contributions to $400,000 since opening our doors in 2006. There is a direct correlation between our branch's recent strong profits and the increase in funding to our community. Almost 50% of our total community contributions have been invested into local community projects and initiatives in the last five years alone. This shows the power of the Community Bank model and how towns can flourish when they support their locally owned Community Bank.

2020 was a year for change. In January we welcomed two new locals, Customer Relationship Officer Robbie Chappel and School Based Trainee Sophie Kokiousis. The Customer Relationship Officer was a newly created lending position to align with our strategic plan which focuses on lending growth. Robbie is excelling in his position as a lender and I imagine Robbie will have a role in our branches long term leadership structure as he progresses through his career. Sophie is passing her traineeship with flying colours, all whilst balancing Year 12 at Kingston Community School. Sophie complements our team and brings high levels of customer service skills to her role. Robbie and Sophie, together with Emma, Sharon, Katie, Lonny and Kelly have proven to be a key factor in our branch's success. The team is seen as dependable, knowledgeable, and professional and we all strive for positive customer outcomes.

Since the last AGM, Bendigo Bank appointed a new business banker Neil Medhurst. Neil's role replaces our previous business banker and has been supporting our branch with business lending that is unable to be approved at branch level. Neil has years of experience in consumer and business banking and continues to work closely with Community Bank Robe & Districts.

Our branch operations have continued as normal. Community Bank Robe & Districts is open Monday – Friday, 9am – 5pm and we are still extending banking services in Kingston with the agency operating Monday – Friday, 9am – 4pm. We also continue to visit Kingston and Lucindale on a weekly basis and conduct lending appointments in a private office. These two separately leased offices in Kingston and Lucindale are a worthy investment as we have had a steady flow of new to bank customers from each region. Sharon's position as an Assistant Branch Manager provides the opportunity for me to be on the road sourcing business as well as having a presence in Kingston and Lucindale. Sharon has a wealth of knowledge and is a highly regarded leader within our team which allows me the flexibility I currently have, as well as confidence that the team continues to perform in my absence.

Lastly, I would like to thank our staff for their commitment throughout the year, each staff member is a great advocate of community banking and their passion allows our local communities to flourish. I'd like to thank our Board of Directors for their ongoing guidance, commitment to our community and support in the future of our branch. This year has been like no other and I am thankful for all your support. I'd also like to thank Bendigo and Adelaide Bank Limited for their backing of Community Banks, which ultimately provides endless opportunities for our local communities.

Kind regards

Tracey Bainger
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

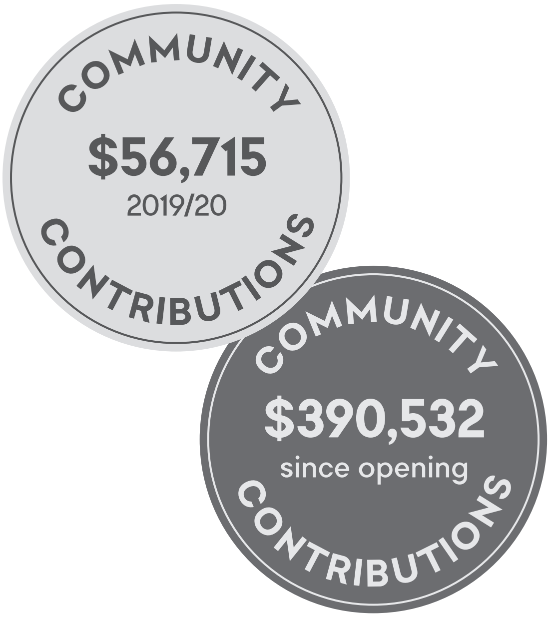
Mark Cunneen

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Dividends and sponsorships

Dividend payment history			
Financial Year	Amount Per Share	Franking Level*	Date Paid
2018/19	.05	unfranked	13 December 2019
2017/18	.10	unfranked	31 March 2019
2016017	.05	unfranked	20 November 2017
2012/13	.05	unfranked	14 February 2014

Allocation of funds to various community projects and initiatives	
Financial year	Value
2019/20	$56,715
2018/19	$81,039
2017/18	$20,719
2016/17	$18,485



Community sponsorship recipients	
Community Group	Contribution
District Council of Robe	$2,000
Health, Harmony & Happiness Festival	$100
Kingston Bowling Club	$830
Kingston SE Netball Club	$299
Kingston SE Small Steps	$700
Kingston Community School	$2,062
Kingston SE National Trust	$4,250
Kingston SE AP&H Society	$176
Kingston SE Community Store & Garden	$500
Kingston SE Football Club	$300
Kingston SE Golf Club	$6,835
Kingston SE Tourism	$1,000
Kingston/Robe Mental Health Support Group	$1,500
Lucindale AP&H Society	$400
Lucindale Community Economic Dev. Fund	$5,500
Lucindale Netball Club	$299
Scholarships – Kingston, Lucindale & Robe	$3,500
Mayoral Christmas Parade	$500
Mount Benson Hall	$750
National Trust SA Branch	$5,000
Robe Bowling Club	$500
Robe Golf Club	$105
Robe Junior Football Club	$3,300
Robe Motor Sports Club	$2,500
Robe Netball Club	$299
Robe Surf Lifesaving	$8,800
Robe Tourism Association	$460
Robe Yacht Club	$1,750
Southern Ocean Arts Prize	$2,500

Operating and financial review

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 other significant changes in the nature of the company's principal activities during the financial year.

Operating Results

The profit of the entity amounted to $73,005, after providing for income tax. This represented a 34% decrease on the results reported for the year ended 30 June 2019. The decrease was largely due to the Provision for Long Service Leave of $23,500 as well as the Right to Use Asset amortisation.

Financial Position

The net assets of the entity have increased by $296,190 from 30 June 2019 to $323,376 in 2020. This increase has largely resulted from the following factors:

- improved operating performance of the company; and
- addition of the Right to Use Asset provision

The directors believe the entity is in a strong and stable financial position to expand and grow its current operations.

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 financial 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

Your directors present their report on the entity ROBE COMMUNITY FINANCIAL SERVICES LTD for the financial year ended 30 June 2020.The information in the preceding Operating and Financial Review forms part of this Directors Report for the financial year ended 30 June 2020 and is to be read in conjunction with the following information:

General Information

Directors

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

Mark Andrew Baker retired (13/11/2019)
Evelyn Ann Schinckel
Annie Marie Matthews
Geoffrey Colin Saunders
Adrian Johns retired (5/03/2020)
Tommy Davidson
Andrew Brown
An Tran
Michael Anthony Mattei appointed (5/03/2020)
Samantha L Matthews appointed (6/03/2020)

Dividends Paid or Recommended

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

- Interim ordinary dividend of $22,280.50 was paid on 5/12/2019

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, in accordance with advice from the audit committee, 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 audit committee 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 2020 has been received and can be found on page 33 of the 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

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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 2020 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 2020

Liability limited by a scheme approved under Professional Standards Legislation

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 2020

	Note	2020 $	2019 $
Continuing operations			
Revenue	2	699,843	678,254
Other income	2	17,520	12,274
Employee benefits expense		(355,919)	(301,680)
Depreciation and amortisation expense		(39,602)	(17,086)
Other expenses		(199,427)	(248,124)
Finance Costs		(6,602)	(4,684)
Profit before income tax		115,813	118,953
Tax expense	4	(42,808)	(27,457)
Net Profit from continuing operations		73,005	91,496
Discontinued operations			
Profit/(loss) from discontinued operations after tax	4	-	-
Net Profit for the year	3	73,005	91,496

The accompanying notes form part of these financial statements.

ROBE COMMUNITY FINANCIAL SERVICES LTD ABN: 24 101 974 887
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	278,571	162,740
Trade and other receivables	7	60,113	64,643
Other assets	10	4,021	3,668
TOTAL CURRENT ASSETS		342,705	231,051
NON-CURRENT ASSETS			
Property, plant and equipment	8	101,967	158,475
Deferred tax assets	14	12,963	20,555
Intangible assets	9	38,692	50,597
TOTAL NON-CURRENT ASSETS		153,621	229,627
TOTAL ASSETS		496,326	460,679
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	28,378	50,974
Borrowings	13	19,199	18,344
Current tax liabilities	14	27,214	-
Provisions	15	19,933	16,657
TOTAL CURRENT LIABILITIES		94,725	85,974
NON-CURRENT LIABILITIES			
Borrowings	13	41,762	78,514
Provisions	15	23,500	-
TOTAL NON-CURRENT LIABILITIES		65,262	78,514
TOTAL LIABILITIES		159,987	164,489
NET ASSETS		336,339	296,190
EQUITY			
Issued capital	16	427,989	427,989
Reserves	20	-	-
Retained earnings		(91,650)	(131,799)
TOTAL EQUITY		336,339	296,190

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 2020

	Note	Share Capital Ordinary	Retained Earnings	Total
		$	$	$
Balance at 1 July 2018		427,989	(178,733)	249,256
Retrospective adjustment upon change in accounting policy (inventory)	1m			-
Balance at 1 July 2018 (restated)		427,989	(178,733)	249,256
Comprehensive income				
Profit for the year			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	(131,798)	296,191
Balance at 1 July 2019		427,989	(142,375)	285,614
Cumulative adjustment upon adoption of new accounting standard (AASB 16)				-
Balance at 1 July 2019 (restated)		427,989	(142,375)	285,614
Comprehensive income				
Profit for the year			73,005	73,005
Total comprehensive income for the year		-	73,005	73,005
Transactions with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year			(22,280)	(22,280)
Total transactions with owners and other transfers		-	(22,280)	(22,280)
Balance at 30 June 2020		427,989	(91,650)	336,339

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 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		715,832	678,254
Payments to suppliers and employees		(555,920)	(531,956)
Interest received		1,530	1,647
Finance costs		-	(4,540)
Trade Creditors		(33,844)	33,334
GST		(2,401)	(54)
PAYG Witholding		(308)	595
Trade Debtors		4,530	(16,804)
Dividends		(22,281)	(44,561)
Franchise Fee			(58,760)
Provision for Annual Leave		3,276	2,331
Provision for Long Service Leave		23,500	-
Lease Amount Paid		(15,139)	(17,095)
Net cash generated by operating activities	17a	118,776	42,391
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,945)	(19,340)
Net cash (used in)/generated by investing activities		(2,945)	(19,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings - other		-	(14,539)
Net cash provided by/(used in) financing activities		-	(14,539)
Net increase/(decrease) in cash held		115,831	8,512
Cash and cash equivalents at beginning of financial year		162,740	154,228
Cash and cash equivalents at end of financial year	6	278,571	162,740

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2020

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

The financial statements were authorised for issue on 17/09/2020 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

The Company as lessee

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

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

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

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

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

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

(e) 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.

(f) 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.

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.

(g) 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.

(h) 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.

(i) 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.

(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.

(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 16

The Company has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have been restated.

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: *Leases* where the Company is the lessee.
The lease liabilities are measured at the present value of the remaining lease payments. The Company's incremental borrowing rate as at 1 January 2019 was used to discount the lease payments.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

— for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
— leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases;
— the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
— applying AASB 16 to leases previously identified as leases under AASB 17 and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application; and
— not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

(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.

Note 2 Revenue and Other Income

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

	Note	2020 $	2019 $
Continued operations			
Other sources of revenue	2a	699,843	678,254
		699,843	678,254

	2020	2019
(a) Other sources of revenue		
— Total interest received	1,530	1,647
— Sales revenue	698,312	676,607
Total other sources of revenues	699,843	678,254
(c) Other income		
— Other Income	-	12,274
— Cash Flow Boost	17,520	-
Total other income	17,520	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.

The Company received the ATO Cashflow Boost which has been recognised in the income allocated to 'Other sources of revenue'. For the purposes of taxation, this ATO Cashflow Boost is treated as non-assessable income.

Note 3 Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:	Note	2020 $	2019 $
(a) Expenses			
Employee benefits expense			
— defined contribution superannuation expense		355,919	301,680
Rental expense on operating leases			
— Lease Expense		2,696	-

Note 4 Tax Expense

	Note	2020 $
(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% (2019: 27.5%)		31,849
		31,849
Add:		
Tax effect of:		
— non-allowable items		11,944
		43,793
Less:		
Tax effect of:		
— income not subject to income tax		4,818
Recoupment of prior year tax losses not previously brought to account		3,760
Income tax attributable to entity		35,215
The weighted average effective tax rates are as follows:		37.0%

The decrease in the weighted average effective tax rate for 2020 is a result of accelerated tax allowances on plant and equipment compared to 2019.

Note 5 Auditor's Remuneration

	2020 $	2019 $
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	6,880	6,810
	6,880	6,810

Note 6 Cash and Cash Equivalents

	Note	2020 $	2019 $
Cash at bank and on hand		278,571	162,740
	17	278,571	162,740

	Note		
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:			
Cash and cash equivalents		278,571	162,740
Bank overdrafts	13	-	-
		278,571	162,740

Note 7 Trade and Other Receivables

	Note	2020 $	2019 $
CURRENT			
Trade receivables		60,113	64,643
		60,113	64,643
Total current trade and other receivables		60,113	64,643

Financial Assets Measured at Amortised Cost	**Note**	2020 $	2019 $
Trade and other Receivables			
— Total current		60,113	64,643
— Total non-current		-	-
		60,113	64,643
Less construction contracts in progress			
Total financial assets measured at amortised cost	20	60,113	64,643

Note 8 Property, Plant and Equipment

	2020 $	2019 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	57,100	55,510
Accumulated depreciation	(55,496)	(54,504)
	1,604	1,006
Leasehold improvements		
At cost	70,972	70,972
Accumulated amortisation	(51,004)	(48,120)
	19,968	22,852
Motor Vehicle		
Motor Vehicle at Cost	32,263	53,825
Accumulated Depreciation	(8,417)	(15,501)
	23,846	38,324
Lease (Right to Use Asset)	56,548	96,292
	56,548	96,292
Total plant and equipment	101,967	158,475
Total property, plant and equipment	101,967	158,475

Note 9 Intangible Assets

	2020 $	2019 $
Franchise Fees	38,692	50,597
Total intangible assets	38,692	50,597

Note 10 Other Assets

	2020 $	2019 $
CURRENT		
Prepayments	4,021	3,668
	4,021	3,668

Note 11 Right-of-use assets

The Company's lease portfolio includes buildings. These leases have an average of 5 years as their lease term.

(i) **AASB 16 related amounts recognised in the balance sheet**

Right-of-use assets	2020 $
Leased Building	84,821
Accumulated depreciation	(28,274)
	56,548
Total right-of-use asset	56,548

(ii) **AASB 16 related amounts recognised in the statement of profit or loss**	$
Depreciation charge related to right-of-use assets	16,964
Interest expense on lease liabilities	2,696

	2020 $
Total cash outflows for leases	17,836

Note 12 Trade and Other Payables

	Note	2020 $	2019 $
CURRENT			
Unsecured liabilities			
Trade payables		2,110	35,747
— GST & Payroll		17,657	15,227
— PAYG Instalments		8,000	-
— Witholding Tax for Dividends Paid		611	-
		28,378	50,974

	Note	2020 $	2019 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total Current		28,378	50,974
— Total Non-Current		-	-
		28,378	50,974
Less construction contract advances and payables			
Less other payables (net amount of GST payable)			
Financial liabilities as trade and other payables		28,378	50,974

Note 13 Borrowings

	Note	2020 $	2019 $
CURRENT			
Lease liability		18,490	17,778
Borrowings		710	565
		19,199	18,344
Total current borrowings		19,199	18,344
NON-CURRENT			
Lease liability		41,762	78,514
		41,762	78,514
Total non-current borrowings		41,762	78,514
Total borrowings	20	60,961	96,858

Note 14 Tax

	2020	2019
	$	$
CURRENT		
Income tax payable	27,214	-
	27,214	-

Deferred tax assets	Opening Balance $	Charged to Income $	Charged directly to Equity $	Changes in Tax Rates $	Exchange Differences $	Closing Balance $
Provisions and accruals						-
Other						-
Deferred Tax Assets						20,555
Balance as at 30 June 2019	-	-	-	-	-	20,555
Provisions and accruals	-					-
Other	-					-
Deferred Tax Assets	20,555					12,963
Balance as at 30 June 2020	20,555	-	-	-	-	12,963

Note 15 Provisions

CURRENT	2020	2019
Annual Leave	19,933	16,657
Total	19,933	16,657

NON-CURRENT	2020	2019
Long Service Leave	23,500	-
Total	23,500	-

Analysis of Total Provisions

	2020	2019
	$	$
Current	19,933	16,657
Non-current	23,500	-
	43,433	16,657

Provision for Employee Benefits

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

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1(r).

Note 16 Issued Capital

	2020	2019
	$	$
445,640 Ordinary Shares at $1	445,610	445,610
Prospectus Fees	(17,621)	(17,621)
	427,989	427,989

Note 17 Cash Flow Information

	2020	2019
	$	$
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	37,761	46,935
Non-cash flows in profit		
Amortisation		
Depreciation	10,732	17,086
(Increase)/decrease in trade and term receivables	4,177	(16,965)
Net (gain)/loss on property, plant and equipment		(12,274)
(Increase)/decrease in right to use asset	39,744	
Increase/(decrease) in Lease Payable	(36,040)	3,702
Increase/(decrease) in trade payables and accruals	(24,048)	32,879
(Increase)/decrease in Franchise Fees	11,905	(58,760)
Increase/(decrease) in Provisions	26,776	2,331
Increase/(decrease) in income taxes payable	27,214	
(Increase)/decrease in deferred taxes	20,555	27,457
Net cash generated by operating activities	118,776	42,391

Note 18 Events After the Reporting Period

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

Note 19 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 20 Financial Risk Management

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

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial Assets			
Financial assets at amortised cost			
— cash and cash equivalents	6	278,571	162,740
— trade and other receivables	7	60,113	64,643
Total Financial Assets		338,684	227,383
Financial Liabilities			
Financial liabilities at amortised cost			
— contingent consideration			
— trade and other payables	12	28,378	50,974
— borrowings	13	60,961	96,858
Total Financial Liabilities		89,339	147,832

Financial Risk Management Policies

The Board of Directors monitor 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, foreign currency risk and other price risk (commodity and equity price 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 the FOC has 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 21 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 20, 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 2020 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

Andrew Brown

Dated this 17th day of September 2020

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MURRAY NANKIVELL
Your future...count on us

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 2020, 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 2020 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.

INDEPENDENT AUDITOR'S REPORT

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 2020

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/robecommunitybankbranch

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