Annual Report 2020

Sarina and District Community Financial Services Limited

Community Bank Sarina

ABN 28 112 407 182

Contents

Chairman’s report

For year ending 30 June 2020

Reputation and brand

Our company and banking business are founded on valued community relationships and this relationship continues to grow between the shareholders, Board, Branch Manager, our banking team, our customers and the wider community. We continue to improve and expand our business through maximising these relationships. The Board and branch activities are focussed on connecting with our customers and supporting our community through our community organisations, sporting organisations, university, and schools. This approach achieves good results for the business, customers, shareholders, and the wider community. This approach also enables us to create good brand awareness and reinforce our reputation in the community.

There has been a major focus over the past months on the COVID-19 pandemic to ensure that our customers and branch team’s health and safety are top of mind. Bendigo and Adelaide Bank Limited executive management acted swiftly releasing guidelines under which branches and the team were able to operate. The effect of the pandemic is constantly being monitored in both a financial sense as well as the health and well-being of the branch staff.

During the past year Bendigo and Adelaide Bank Limited have instigated a brand refresh with the logo, colour and style guide being updated. This fresh approach has been well received and our Board has agreed to update the in-branch and external branding as soon as practicable. Bendigo and Adelaide Bank Limited have also formulated a national and state-wide marketing campaign which will be rolled out over the next 12 months. I serve on the State Marketing Committee as Community Bank National Council representative for Central and North Queensland and Maree Franettovich represents our Community Bank Cluster. This national and state approach has enabled a more effective spend and greater coverage in the marketplace.

I would like to congratulate our Branch Manager, Charmaine Matsen, who has successfully led the team over the past 12 months. Under Charmaine’s leadership the team has continued to focus on improving the business and meeting customer expectations. The benefits of maintaining a consistent team approach has enabled the business to grow over the past 12 months. Charmaine’s team has been working diligently to deliver the Bendigo and Adelaide Bank Limited goal of being ‘Australia’s Bank of Choice’ and to continue to grow our customer base to 10 percent of the Australian population.

Performance

This year has seen a slight decrease in our overall profit. We have continued to contribute a significant amount of money to the Community Enterprise Foundation™. These contributions enable the Board to carry out the Community Engagement Program and reduce our tax liabilities. The team has been able to counteract discharges of loans with the writing of new business. Overall we are down slightly on last year and this is mostly due to the loss from financial planning $13 million and deposits $20 million resulting in business of $183 million compared to $186.1 million last year. We have seen our revenue increase from $1.272 million up to $1.324 million with a slight increase in our costs. This has resulted in an overall decrease in the company’s profit before tax of $154,774 compared to last year $177,487.

The Board has been proactive ensuring that we continue to meet the Community Engagement Program objectives: building the capacity of local community organisations, strengthening relationships between the bank, community organisations and providing a range of grants and sponsorship that provide a direct benefit to Sarina and district community. We have invested $305,916 in charitable donations, community grants, sponsorships, advertising and promotions during the past 12 months.

In November last year the Directors and banking team developed a new three-year Strategic Plan with effective progress achieved in the three focus areas which include Customer Connections, Community Impact and Business Development. The Board also decided to amalgamate the Community Engagement and Business Development sub committees to form the Business and Community Engagement sub-committee. This sub-committee is attended by all Board members and is proving to be very effective. Finance and governance matters are now attended to at Board meetings.

Community Engagement Program

The Board has also continued the Scholarship Program with CQUniversity. The scholarship is for a student who is studying a course within the School of Business and Law of the university. During the past 12 months our scholarship holder, Amy Stratford who was studying a Bachelor of Business graduated, and Hunter Aitchison who is studying a Bachelor of Business moves into his third year. Last year we welcomed Caitlin Neundorf who is studying a dual degree of Bachelor of Accounting and Bachelor of Business as our scholarship holder and this year we welcomed our new scholarship holder, Cale Hutchins, who is studying a Bachelor of Business. We continue to expand our offering at CQUniversity by way of the Ambassador Program. Makayla Comelli and Claudine Asuncion were our two recipients for last year and this year they have been joined by Madonna Tomerini and Ariane Tolentino. The Ambassador Program aims to promote Community Bank Sarina to CQUniversity, and the students participate in community engagement activities. We also continued our Vocational Education & Training Scholarship this year and apprentice hairdresser, Courtney Kennedy, was awarded this scholarship.

We continue to work with the Sarina High School offering a scholarship for a student commencing grade 11. This scholarship is for a two-year duration. This year's scholarship was awarded to Bethany Bierton and last year's recipient Sophie Christofferson continues to achieve great results. The Board decided to continue the ambassadorships for the High School. All our awardees have been worthy recipients of the scholarship and ambassador program and it is a great way for the Community Bank Sarina to assist in the development of our young people through educational and networking opportunities.

In June of this year we celebrated our 15th Birthday. Due to the COVID-19 restriction we couldn't hold a birthday function, so the Board opted to celebrate by making a number of donations to worthy community-based organisations. This was the birthday celebration where the community received the presents.

Over the past 12 months we have continued to build on our relationship with Mackay Regional Council and also continue to work with our major sponsorship recipients, Sarina Show Society, Sarina Surf Life Saving Club, Sarina BMX Club, Sarina Bowls Club, Sarina Netball and the Sarina District Schools Chaplaincy. We can achieve mutual benefits through these and many other relationships our team has in the community.

These successful events have enabled the banking team to realise new business opportunities. An important component of the Community Bank model is the telling of the success stories in our local community. We encourage all recipients of the Community Engagement Program to help us spread the word regarding the benefits of doing business with the Community Bank Sarina. We have developed a series of digital stories to help raise the awareness of the Community Bank business.

Our people

The success of the Community Bank Sarina would not be possible without our banking business partner, Bendigo and Adelaide Bank Limited, and the contribution and support of Central Queensland Regional Manager, Steve Myers, Community Business Manager Queensland, Geoff Power, and State Manager Queensland, Gavin Holden. It is through this close working relationship with the Bendigo and Adelaide Bank Limited team that Sarina and District Community Financial Services Limited can deliver to the shareholders a dividend of 8 cents per share, fully franked, for 2020.

The company could not continue to succeed without the commitment of the Board of Directors who have devoted many volunteer hours to ensure the business continues to grow and service the Sarina and district community well. I continue to represent Central and North Queensland on the Community Bank National Council. This is the conduit between Bendigo and Adelaide Bank Limited Executive and the Community Bank companies. The Community Bank National Council continues to develop and progress the banking model.

Chairman's report (continued)

I would like to make special mention of our Company Secretary, Maree Franettovich, who has worked tirelessly to ensure we are fulfilling all the governance requirements. I would also like to welcome David Erba as a Director. David took office on 28 November 2019 and is proving to be a valuable member of our team.

I would like to make special mention and thank our Executive Assistant, Patrice Willoughby, who has proven to be a great asset to the company during the past 12 months. Patrice is an employee of the company and supports the sub-committee, helps administer the Community Engagement Program, organising our attendance at events, as well as providing secretarial support to the Board and Company Secretary at the monthly Board meetings.

Lastly, I would like to thank my fellow Directors, our Branch Manager and banking team, for supporting me as Director / Chair of the Board over the past 12 months. I look forward to working with the team, our customers, our shareholders and our community to continue to build a sustainable banking business.

Karen May GAICD
Chair

Manager’s report

For year ending 30 June 2020

To our shareholders and customers,

Community Bank Sarina has achieved profitable growth. As at 30 June 2020 your Community Bank Sarina holds a lending book of $98.8 million and a deposit book of $76.1 million. Our total business for the period of 2019/20 of $183 million includes other business, including Rural Bank, Financial Planning and Financial Markets.

Performance

We settled $25.3 million lending this year; we had a growth target of $10.1 million with actual growth of $6.1 million, giving us a variance of $4 million. This was mainly due to the lending restrictions still in place which were lifted in January 2020. We were also hit enormously with discharges, mainly due to property sales, resulting in loan payouts of $10.7 million.

With our deposit book we achieved 166% of our growth target with an overall growth of $4.8 million, due to the team’s hard work in building new relationships to gain new deposit funds which was a focus from last year’s financial results.

It’s been a year of ‘two halves’ and one of the more unusual I have experienced in my time in banking. We entered the 2019/20 financial year still with restrictions on lending which was a challenging business environment. In the lead up to Christmas these restrictions were lifted - what a gift! – which meant we were able to assist more customers with purchasing their first, next or forever home. On the back of a positive close to 2019, we roared into 2020 with a buoyed business outlook, then COVID-19 struck, which presents an ever-changing landscape. Despite these uncertain times, our team ensured our customers were and continue to be supported. Our team implemented our COVID-19 safe plan and the branch remains open for business for the convenience of customers. We continue also to attract customers from all over our region. Yes, we offer competitive banking and just as importantly customers like that their banking supports our community purpose.

Community Bank Sarina celebrated 15 years on 8 June 2020 and while it wasn’t quite the birthday party we had planned, we did mark this significant milestone in branch. What an achievement and our community should be rightly proud of this success. We’re here for you and we’re here to stay!

One of the highlights of our community engagement is the focus on youth and education and developing future community leaders, through the comprehensive Awards and Scholarship Program. In particular we work closely with Sarina State High School to offer a scholarship and ambassadorships for grades 11 and 12. In addition, to recognise students, community citizenship, role model year awards are presented for each year level at the high school.

At primary school, similar awards are presented for year 6 students in the greater Sarina region. It is truly a delight to present these awards and recognise these fine young men and women and support their journey. There’s no doubt, our future is in good hands. Our role in education also extends to a financial literacy program to assist young people make good decisions about their money, particularly as they start their first job and want to build for their futures (or at least their first car which is a high priority for them).

Our commitment to building careers locally continues. We have an ongoing partnership with CQUniversity where our Scholarship Program supports higher education and apprenticeships. Scholarships are an investment in people and people are the future our communities

Manager’s report (continued)

The Community Engagement Program enables extensive investment in community projects and initiatives through sponsorship, community grants and donations. We appreciate the ongoing advocacy of our community organisations sharing their good news stories in support of Community Bank Sarina and the benefits of banking with purpose.

The branch team

Our team are very focussed on working with you to achieve your personal financial goals. Please meet our dedicated, passionate and friendly team who are there to ensure you have a smooth customer experience.

Charmaine Matsen	Branch Manager
Emily Grigg	Business Development Manager
Roanna Bella	Customer Relationship Manager
Melissa Neilsen	Customer Relationship Officer
Kylie Schulze	Customer Service Officer
Josie Dahtler	Customer Service Officer
Kelly Tennyson	Customer Service Officer (contract end 22 May 2020)

Thank you

Thank you also to the Board as part of the greater bank team, for their support and promotion of the bank. The Directors’ stewardship, dedication and energetic commitment underpins our success and has enabled Community Bank Sarina to report strong profitability despite a challenging year. I also appreciate the Board’s support in working with our community.

Further supporting our community programs is the Executive Assistant to the Board, Patrice Willoughby. We are very fortunate to have a team member of this calibre and expertise undertaking this varied and pivotal role.

In our 15th birthday year, I particularly acknowledge shareholders, not only for their financial investment, but also the courage and foresight to establish our Community Bank Sarina. The community has enjoyed substantial benefits from this momentous decision.

We are privileged as the bank team to be involved in this unique business and part of such a trusted Australian brand of Bendigo Bank. Knowing what’s possible for our community is in our hands motivates us daily to provide our customers with an exceptional experience.

Our Purpose has stood the test of time and drives us still:

“To feed into the prosperity of our customers and communities – not off it.”

Thank you again to all who have been directly involved in the success of Community Bank Sarina.

C. J. Matsen

Charmaine Matsen
Branch Manager

Community Engagement Program

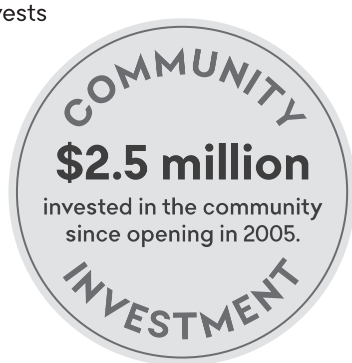
Sarina and District Community Financial Services Limited (S&DCFSL) operates Community Bank Sarina and is proud to invest in our community through the Community Engagement Program. Our overarching aim of this community investment is to influence positive impact in the community and develop social capital.

Objectives

The objectives of the Community Engagement Program are to

- Enhance visibility of the benefits of Sarina's own Community Bank
- Develop an ongoing mutually beneficial relationship between community and Community Bank Sarina
- Build community capacity and enhance our community as a great place to live.

Community Bank Sarina through its Community Engagement Program proudly invests in our community through sponsorships, community grants and major community initiatives.



Since opening Community Bank Sarina in 2005, S&DCFSL has invested over $2.5 million directly in community initiatives through Sponsorships, Community Grants, and Donations. In addition, we support Scholarships and the Student Ambassador Program, as well as School Awards.

This only is possible thanks to the customers of Community Bank Sarina. Growing the customer base allows this unique banking model to thrive and prosper which allows us to continue to invest in the local community and leave a legacy for future generations.

A successful banking business that is commercially viable, yet community spirited, underpins this community investment.

Sponsorship

Sponsorship is a business relationship whereby the parties receive a mutual benefit. When Community Bank Sarina provides sponsorship investment to an organisation, these activities provide a benefit to the community. This should provide exposure and opportunities for Community Bank Sarina to expand its customer base, which underpins our sustainability and allows us to continue to invest a percentage of profits back into the community. This is how we are different from other banks.

Marquee Program

The Marquee Program is a dedicated sponsorship initiative of Community Bank Sarina to support organisations in their activities by investing in a marquee with the respective logos, feather banners and tablecloth. We appreciate the importance of being sun smart so that we can enjoy the great outdoors and this will enable organisations to have a highly visible presence at events and afford some protection.

Community Engagement Program (continued)

Community Grants

A community grant is about building capacity that addresses local needs and makes a positive contribution to the Sarina and district community. When Community Bank Sarina provides a community grant investment to an organisation, the focus is on the positive benefit to the broader community. Community grant applications are encouraged that develop the capacity of the organisation to meet the needs of local residents, or to develop innovative programs that address local issues. Our community grants investment is supported by funds placed in the Community Enterprise Foundation™.

Donations

Donations are distinct from sponsorship and grants. A donation is focussed on charitable purposes and made to organisations that hold the status of Deduction Gift Recipient (DGR) approved by the Australian Taxation Office.

Scholarships

Community Bank Sarina Bendigo Bank CQUniversity Higher Education Scholarship

The Scholarship aims to encourage the local community to study, live and work locally, by providing financial support, $6,000 paid over three years, and encouragement to attend the local Mackay campus of CQUniversity. This Scholarship supports students within the Sarina/Mackay district studying business and business related degree programs under the School of Business and Law. Students of the Bachelor of Professional Communication, Bachelor of Digital Media or Bachelor of Information Technology also are eligible to apply. Applications usually open in November and close 31 March the following year.

Community Bank Sarina Bendigo Bank Vocational Education and Training Scholarship

The Scholarship aims to encourage the local community to study, live and work locally, by providing financial support and encouragement to take up a vocation and attend the local Mackay campus of CQUniversity. This Scholarship valued at $4,000, paid over four years, supports students within the Sarina / Mackay district undertaking Apprenticeship training through CQUniversity. Students taking up an Apprenticeship in Electrical, Mechanical, Building, Automotive Engineering and Technology, Manufacturing Engineering and Technology, and Hairdressing are eligible to apply.

Senior Schooling Community Citizenship Scholarship – Sarina State High School

The Scholarship supports students attending Sarina State High School. The total Scholarship value is $2,000 paid over two years. The student must be intending to complete Grades 11 and 12 (consecutively) at Sarina State High School and aims to encourage students in the Sarina community to pursue higher studies and understand the importance of community citizenship.

Student Ambassador Program

The Student Ambassador Program was launched in 2017 for CQUniversity Higher Education Students studying at CQUniversity Mackay and the value is $1,500 each student, paid over three years. In addition, the program supports senior students (Grade 11 and 12) of Sarina State High School to the value of $500 each across the two years.

Community Engagement Program (continued)

Community investment 2019/20

The tables below set out the major financial investment of the Community Engagement Program actually disbursed in the 2019/20 financial year (rounded to the nearest dollar).

Community Grants		
Organisation	**Project**	**Amount $**
Meals on Wheels Mackay	Purchase of new motor vehicle to service Sarina	18,035.00
Sarina & District Community Kindergarten	Purchase computer & upgrade air conditioning at the Kindergarten	11,632.00
Sarina Rugby League Football Club Inc	Security fencing	10,824.00
Koumala State School P&C Association	iPads for Inclusive Classrooms	8,000.00
Sarina Landcare Catchment Management Association Inc	Solar panels for community nursery	7,495.00
QCWA Sarina Branch	Improvements to QCWA facilities	7,300.00
Sarina & District Netball Association Inc	Replacement of clubhouse roof	6,799.00
Sarina Men's Shed	Upgrade to resources (lathe and dust extraction)	6,532.00
Sarina Saints Football Club	Upgrade to safety lighting – to support community use	5,876.00
Meals on Wheels Mackay	Purchase of additional freezer	4,785.88
Mackay Regional Council for Social Development Ltd	Sarina Ute Muster - Community event focused on suicide prevention	4,140.76
Sarina Western Performance & Equestrian Club	Western performance trail equipment	2,922.00
Sarina State High School P&C Association	Defibrillator	2,495.00
Sarina Community Tourist Arts & Crafts	Defibrillator	2,495.00
Sarina Fibre Arts Group	Defibrillator	2,495.00
Ilbilbie Hall Management Committee	Upgrade to craft cupboards and storage	2,363.80
Sarina Poultry Society Inc	Chooks 'bed and breakfast' – kitchen upgrade at clubhouse	1,029.00
Alligator Creek State School P&C Assoc	Community BBQ	799.00

Note: An amount of $145,454.54 (ex GST) was transferred to the Community Enterprise Foundation ™ in 2019/20 for community grant payments and to provide for future community initiatives.

Community Engagement Program (continued)

Sponsorship Program		
Organisation	Project	Amount $
Sarina District Schools Chaplaincy Committee	Partnering Sponsorship (2018-2019)	6,000.00
Sarina District Schools Chaplaincy Committee	Partnering Sponsorship (2019-2020)	6,000.00
Queensland Netball Association Whitsunday Branch Inc (Whitsunday Sharks)	Partnering Sponsorship	5,000.00
BMX Queensland	Naming Rights Sponsor - State Titles 2019	4,545.45
Mackay & District Mountain Bike Club	Major Sponsor - State Titles 2019	4,545.45
Sarina Bowls Club Inc	Partnering Sponsorship	4,545.45
Sarina Show Society Inc	Naming Rights Sponsorship	4,545.45
Bakers Creek Australian Football Club	Sponsorship of Team Jerseys for Indigenous Round of AFLQ – Mackay Competition	3,000.00
Sarina Western Performance & Equestrian Club	Club sponsorship	2,727.27
Koumala & District Bushman's Carnival	Community event	2,000.00
Homebush State School P&C Association	Homebush Hoedown - community event	2,000.00
Sarina Pony Club Inc	Club sponsorship	2,000.00
Sarina Junior Rugby League Football Club	Sponsorship of 'Crocs to Canetoads' Carnival	1,636.36
Zonta Club of Mackay	Sponsorship of regional International Women's Day event	1,500.00
Chelona State School P&C Association	Cocktails in the Country - community event	1,000.00
Blue Mountain Cattle Dog Trial Association Inc	Club sponsorship	909.09
Sarina Neighbourhood Centre	Sponsorship of Sarina event for International Women's Week	909.09
Sarina Poultry Society Inc	Partnering Sponsorship	909.09
Mackay Hospital Foundation	Muscle Garden Charity Boot Camp	500.00
Prizes & Awards		1,445.00

Marquee Sponsorship Program 2019/20

The total investment under this program was $23,141.79 for the following organisations:

- Alligator Creek State School P&C Assoc
- Bakers Creek AFL Club
- Blue Mountain Cattle Dog Trial Association Inc
- Koumala Community Hall Committee Inc
- Koumala & District Bushman's Carnival Association Inc
- Sarina Bowls Club Inc
- Sarina and District Community Kindergarten Association
- Sarina Kennel Club Inc
- Sarina Youth Centre

Community Engagement Program (continued)

Scholarship Program		
Program	**Title**	**Amount $**
CQUniversity Scholarship	Higher Education Student Scholarship 2020-2022	6,000.00
CQUniversity Scholarship	Vocational Student Scholarship 2020-2023	4,000.00
CQUniversity Student Ambassador Program	Student Ambassador Program 2019-2021	1,500.00
CQUniversity Student Ambassador Program	Student Ambassador Program 2018-2019	1,000.00
CQUniversity Student Ambassador Program	Student Ambassador Program 2017-2018	1,000.00
Sarina State High School Scholarship	Senior Schooling Student Scholarship 2020-2021	1,000.00
Sarina State High School Scholarship	Senior Schooling Student Scholarship 2019-2020	1,000.00
Sarina State High School Student Ambassador Program	Student Ambassador Program 2020-2021	500.00
Sarina State High School Student Ambassador Program	Student Ambassador Program 2019-2020	250.00

Note: The CQUniversity Scholarships reflect the total value of the Scholarship awarded for the respective period. The other payments are as disbursed in the 2019-2020 financial year for the respective Program.

Donatons	
Organisation	**Amount $**
Qld Bushfire Appeal - Community Enterprise Foundation™	1,498.18
Let It Pour Appeal - Community Enterprise Foundation™	1,000.00
CQ Rescue	1,000.00
Mackay Women's Centre - Sarina Outreach	1,000.00
Sarina Men's Shed	1,000.00
Sarina Youth Centre	600.00
Cancer Council Queensland (Relay for Life)	500.00
Crossroad Arts	500.00
Mackay Animal Rescue Society Inc	500.00
QCWA Public Crisis Fund	500.00
The Salvation Army	500.00
Sarina District Schools Chaplaincy Committee – Community Impact Award 2019	250.00
CQUniversity Bushfire Appeal	250.00
Special Children's Christmas Party	227.27
QCWA Sarina Branch	50.00

Note: operational expenses associated with the Community Engagement Program, including marketing, advertising, signage, and printing, are not listed here.

Directors' report

The directors present their financial statements of the company for the financial year ended 30 June 2020.

Directors

The directors of the company who held office during or since the end of the financial year are:

Karen Lesley May
Chair
Occupation: Councillor
Qualifications, experience and expertise: Karen is a graduate of the Australian Institute of Company Directors. She holds a Certificate III in Frontline Management and a Certificate in Community Development, and has 16 years local government experience, during which time she has held position of Councillor, Deputy Mayor and Mayor of Sarina Shire Council. Current Deputy Mayor at Mackay Regional Council. Karen has been a small business owner and operator for the past 20 years having owned the Sarina Motor Inn and Hideaway Restaurant for five and half years, the Sarina Eagle Boys Pizza for 10 years and the Sarina Laundromat and vending business for the past 13 years. She managed the Sarina RSL Club from 1 January 2015 until 24 December 2016 and has been a Director/Chair of Mackay Regional Housing Company Ltd and Connect Housing Ltd for the past 10 years, whose goal is to manage and deliver affordable housing. Karen is also President of Regional Social Development Coalition. The Community Bank National Council was established in 2017 when Karen was elected as the North Queensland Representative and she was re-elected to the position in 2019. She is committed to the development of the Community Bank model and embraces the opportunity to work with the network of Community Bank Directors and the staff of Bendigo and Adelaide Bank. Special responsibilities: Business & Community Engagement Committee
Interest in shares: 1,000 ordinary shares

Maree Gail Franettovich
Non-executive Director
Occupation: Lecturer, School of Business & Law CQUniversity Mackay; Director, Business Services Network Pty Ltd
Qualifications, experience and expertise: Maree holds a Bachelor of Business (Management and Human Resources), a Graduate Diploma of Management, and is an Accredited Workplace Trainer. Maree is a Lecturer in business management, human resources and marketing at CQUniversity. She is also a Director of Business Services Network Pty Ltd, a boutique consultancy dedicated to tailored integrated strategic business solutions with a key focus on the right people management, developing managers and implementing specialised business frameworks. Maree has extensive business experience and brings this professional acumen and expertise to her Director and community leadership roles. Maree is a passionate regional and rural advocate, and an energetic and enthusiastic educator and coach. She has received recognition for her outstanding contributions to learning and teaching with a Vice-Chancellor's Award. Maree also is the co-founder of the Engage Mentor Program at CQUniversity Mackay. Throughout her career Maree has worked in a diverse range of industries in Australia and overseas. She is a member of the Australian Institute of Managers and Leaders, the Australia New Zealand Regional Science Association International Inc, and the Queensland Rural, Regional and Remote Women's Network. Maree is an active supporter of fundraising activities particularly those in aid of cancer solutions.
Special responsibilities: Deputy Chair, Company Secretary, Chair - Business & Community Engagement Committee
Interest in shares: 7,650 ordinary shares

Directors *(continued)*

George Edward (Ted) Malone
Non-executive Director
Occupation: Retired MP
Qualifications, experience and expertise: Ted is a retired Member of the Queensland Parliament (1994-2015) and was Assistant Minister for Emergency Services Volunteer with special responsibility for a review of the Queensland Rural Fire Service and Volunteers. His Shadow Ministries included Emergency Services, Local Government, Public Works, Employment and Training. Previously Ted has been a contractor, cane farmer, grazier, and property developer. He was a delegate to sugar industry conferences for 24 years; served five years on the Board of a growers' organisation with three years as Chairman until April 1994. Ted was a member of the Sugar Industry Policy Council and the Sugar Research and Development Corporation Selection Committee and discussions leading up to the division of sugar monies. He is a Life Member of Apex Club of Sarina, member of Lions Club of Sarina and Patron and Committee member of the Ted Malone MP Rural Skills Centre.
Special responsibilities: Business & Community Engagement Committee
Interest in shares: 16,000 ordinary shares

Nicholas Paul McDougall
Non-executive Director
Occupation: French Polisher
Qualifications, experience and expertise: Nicholas has recently completed a Bachelor in Heritage, Museums and Conservation at the University of Canberra. Nicholas was the youngest volunteer of the four Mackay Regional Museums and served as Vice President of the Friends of Greenmount group for the past 3 years. Professionally, Nicholas is a French Polisher and Furniture Restorer opening McDougall Furniture Restoration in 2018 servicing Sarina and surrounding districts. He is actively involved in the family business, which has cattle and sugar interests. Nicholas has represented Sarina Community Bank on the Next Gen Youth Forum at the 2018 Queensland Community Bank conference in Cairns.
Special responsibilities: Deputy Chair - Business & Community Engagement Committee
Interest in shares: 3,400 ordinary shares

David Luigi Erba
Non-executive Director (appointed 28 November 2019)
Occupation: Sugarcane Farmer
Qualifications, experience and expertise: David holds a Bachelor of Business (Accounting) from CQUniversity. He has worked for 18 months in public accounting in Mackay. David has a trade background in the coal industry as a qualified Diesel Fitter. He also has small business experience working in retail food businesses. David currently owns and operates a farming business. He is an active member of various sporting clubs including Surf Life Saving, football, motorcycle and cycling clubs.
Special responsibilities: Nil
Interest in shares: nil share interest held

Mark Robert Radke
Non-executive Director (resigned 31 December 2019)
Occupation: Accountant
Qualifications, experience and expertise: Mark grew up in the Mackay area and is a qualified CPA Accountant, working in practices most of his professional life. Mark started his own practice in 2015 specialising in primary producers. He previously served as a Board member of Pioneer Catchments, Landcare and has also served on various school boards.
Special responsibilities: Chair - Finance & Governance Committee until resignation.
Interest in shares: nil share interest held

Directors *(continued)*

Gregory Craig Melvin
Non-executive Director (resigned 12 November 2019)
Occupation: Retired
Qualifications, experience and expertise: Greg retired from the financial planning industry in December 2008. His role in that industry saw him working in specialist positions for a major corporate before establishing a financial planning practice focusing on wealth accumulation and retirement strategies. He was heavily involved in self-regulation and governance issues as the industry underwent an evolutionary process. Greg holds an Advanced Diploma of Financial Planning and was a member of the Financial Planning Association of Australia (FPA). He was also an active member of their Central Queensland chapter, acting as Chairperson over a five year period. Previous to that career, he spent four years in general banking and 15 years in the international travel industry.
Special responsibilities: Company Secretary until resignation, Finance & Governance Committee Member
Interest in shares: 7,000 ordinary shares

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

No directors have material interest in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Maree Franettovich. Maree was appointed to the position of secretary on 12 November 2019 taking over from Gregory Melvin.

Maree holds a Bachelor of Business (Management and Human Resources), a Graduate Diploma of Management, and is an Accredited Workplace Trainer. Maree is a Lecturer in business management, human resources and marketing at CQUniversity.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

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

Operating results

The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2020 $	Year ended 30 June 2019 $
117,244	128,678

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Karen Lesley May	1,000	-	1,000
Maree Gail Franettovich	7,450	200	7,650
George Edward (Ted) Malone	16,000	-	16,000
Nicholas Paul McDougall	3,400	-	3,400
David Luigi Erba	-	-	-
Mark Robert Radke	-	-	-
Gregory Craig Melvin	7,000	-	7,000

No debentures or rights have been granted or options over such instruments in previous financial years or during the current financial year.

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	Total amount
Final fully franked dividend	10	72,011
Total amount	10	72,011

New Accounting Standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: *Leases* (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases.* See note 4 for further details.

Significant changes in the state of affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The relief support and uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

	Board Meetings Attended		Committee Meetings Attended							
			Business & Community Engagement		Community Engagement		Finance & Governance		Business Development	
	E	A	E	A	E	A	E	A	E	A
Karen Lesley May	11	10	6	5	6	6	2	2	2	2
Maree Gail Franettovich	11	10	6	6	6	6	-	-	-	-
George Edward (Ted) Malone	11	9	6	6	-	-	-	-	2	1
Nicholas Paul McDougall	11	11	6	6	-	-	-	-	2	2
David Luigi Erba	6	6	6	6	-	-	-	-	-	-
Gregory Craig Melvin	4	3	-	-	-	-	2	2	-	-
Mark Robert Radke	5	5	-	-	-	-	2	2	-	-

E - eligible to attend
A - number attended

The Community Engagement, Business Development and Finance & Governance Committees are no longer active from January 2020. Finance & Governance is undertaken by the Board as a whole.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 26 to the accounts.

The board of directors has considered the non-audit services provided during the year by the Finance and Governance Committee and, in accordance with the advice received from the Finance and Audit Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Finance and Governance Committee to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants,* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

Signed in accordance with a resolution of the directors at Sarina, Queensland.

Karen L May

Karen Lesley May, Chair

Dated this 21st day of August 2020

Auditor's independence declaration

Partners in success
Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Sarina and District Community Financial Services Limited

As lead auditor for the audit of Sarina and District Community Financial Services Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 21 August 2020

Joshua Griffin
Lead Auditor

Taxation | Audit | Business Services
Liability limited by a scheme approved under Professional Standards Legislation. ABN 51 061 795 337

Financial statements

Sarina and District Community Financial Services Limited
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue from contracts with customers	8	1,293,136	1,252,927
Other revenue	9	25,000	10,000
Finance income	10	5,898	9,126
Employee benefit expenses	11f)	(555,972)	(528,143)
Charitable donations, sponsorship, advertising and promotion	11d)	(305,916)	(275,065)
Occupancy and associated costs		(44,510)	(71,485)
Systems costs		(22,605)	(21,072)
Depreciation and amortisation expense	11a)	(91,028)	(44,339)
Finance costs	11b)	(11,363)	-
General administration expenses		(137,866)	(154,462)
Profit before income tax expense		**154,774**	**177,487**
Income tax expense	12a)	(37,530)	(48,809)
Profit after income tax expense		**117,244**	**128,678**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**117,244**	**128,678**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	29a)	16.28	17.87

The accompanying notes form part of these financial statements

Sarina and District Community Financial Services Limited
Statement of Financial Position
as at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	650,632	651,396
Trade and other receivables	14a)	104,517	65,201
Current tax assets	18a)	24,391	3,606
Total current assets		779,540	720,203
Non-current assets			
Property, plant and equipment	15a)	277,440	211,328
Right-of-use assets	16a)	421,073	-
Intangible assets	17a)	63,136	12,255
Total non-current assets		761,649	223,583
Total assets		1,541,189	943,786
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	80,319	34,941
Lease liabilities	20b)	24,579	-
Total current liabilities		104,898	34,941
Non-current liabilities			
Trade and other payables	19b)	57,052	-
Lease liabilities	20c)	442,950	-
Provisions	21a)	21,819	-
Deferred tax liability	18b)	23,635	13,204
Total non-current liabilities		545,456	13,204
Total liabilities		650,354	48,145
Net assets		890,835	895,641
EQUITY			
Issued capital	22a)	688,018	688,018
Retained earnings	23	202,817	207,623
Total equity		890,835	895,641

The accompanying notes form part of these financial statements

Sarina and District Community Financial Services Limited
Statement of Changes in Equity
for the year ended 30 June 2020

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2018		688,018	143,755	831,773
Total comprehensive income for the year		-	128,678	128,678
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(64,810)	(64,810)
Balance at 30 June 2019		**688,018**	**207,623**	**895,641**
Balance at 1 July 2019		688,018	207,623	895,641
Effect of AASB 16: Leases	3d)	-	(50,039)	(50,039)
Restated balance at 1 July 2019		688,018	157,584	845,602
Total comprehensive income for the year		-	117,244	117,244
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(72,011)	-
Balance at 30 June 2020		**688,018**	**202,817**	**962,846**

The accompanying notes form part of these financial statements

Sarina and District Community Financial Services Limited
Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,404,038	1,396,947
Payments to suppliers and employees		(1,205,237)	(1,169,042)
Interest received		5,478	8,306
Lease payments (interest component)	11b)	(10,100)	-
Lease payments not included in the measurement of lease liabilities	11g)	(7,987)	-
Income taxes paid		(14,174)	(57,235)
Net cash provided by operating activities	24	**172,018**	**178,976**
Cash flows from investing activities			
Payments for property, plant and equipment		(71,753)	(34,485)
Net cash used in investing activities		**(71,753)**	**(34,485)**
Cash flows from financing activities			
Lease payments (principal component)	20a)	(29,018)	-
Dividends paid	28a)	(72,011)	(64,810)
Net cash used in financing activities		**(101,029)**	**(64,810)**
Net cash increase/(decrease) in cash held		**(764)**	**79,681**
Cash and cash equivalents at the beginning of the financial year		651,396	571,715
Cash and cash equivalents at the end of the financial year	13a)	**650,632**	**651,396**

The accompanying notes form part of these financial statements

Notes to the financial statements

For year ended 30 June 2020

Note 1	Reporting entity

This is the financial report for Sarina and District Community Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
37 Broad Street Sarina QLD 4737	37 Broad Street Sarina QLD 4737

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 27.

Note 2	Basis of preparation and statement of compliance

Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 21 August 2020.

Note 3	Changes in accounting policies, standards and interpretations

The company initially applied AASB 16 *Leases* from 1 July 2019. AASB Interpretation 23 *Uncertainty over Income Tax Treatments* is also effective from 1 July 2019 but is not expected to have a material impact on the company's financial statements. The company's existing policy for uncertain income tax treatments is consistent with the requirements in Interpretation 23.

The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

a) Definition of a lease

Previously, the company determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 *Determining whether an Arrangement contains a Lease.* The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4.

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

Note 3 Changes in accounting policies, standards and interpretations *(continued)*

b) As a lessee

As a lessee, the company leases many assets including property, motor vehicles, office equipment and IT equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases (i.e. these leases are on balance sheet).

The company recognises lease and non-lease components such as outgoings separately.

Leases classified as operating leases under AASB 117

Previously, the company classified property, office equipment, and IT equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. The practical expedients include:

- did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term on contracts that have options to extend or terminate.

c) As a lessor

The company is not a party in an arrangement where it is a lessor. The company is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor.

Note 3 Changes in accounting policies, standards and interpretations *(continued)*

d) Impact on financial statements

On transition to AASB 16, the company recognised additional right-of-use assets, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

Impact on equity presented as increase (decrease)	Note	1 July 2019 $
Asset		
Right-of-use assets - land and buildings	16b)	153,546
Deferred tax asset	18b)	18,980
Liability		
Lease liabilities	20a)	(194,645)
Provision for make-good	21b)	(27,920)
Equity		
Retained earnings		(50,039)

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 4.79%.

Lease liabilities reconciliation on transition

Operating lease disclosure as at June 2019	32,238
Add: additional options now expected to be exercised	194,059
Less: AASB 117 lease commitments reconciliation	(3,232)
Less: present value discounting	(28,420)
Lease liability as at 1 July 2019	194,645

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

a) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo Bank for a deposit,
- *minus* any costs of funds i.e. interest applied by to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue recognition policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Note 4 Summary of significant accounting policies *(continued)*

b) Other revenue *(continued)*

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash flow boost

During the financial year, in response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The company operates as a franchise of Bendigo Bank, using the name “Bendigo Bank” and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

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

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Note 4 Summary of significant accounting policies *(continued)*

c) Economic dependency - Bendigo Bank *(continued)*

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

d) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

Current income tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Note 4 Summary of significant accounting policies *(continued)*

d) Taxes *(continued)*

Deferred tax (continued)

The company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on the company either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

e) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

f) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Note 4 Summary of significant accounting policies *(continued)*

f) Property, plant and equipment *(continued)*

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Leasehold improvements	Straight-line	4 tp 40 years
Plant and equipment	Straight-line	1 to 40 years
Motor vehicles	Straight-line	5 years

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

g) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

Note 4 Summary of significant accounting policies *(continued)*

h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset or one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, leases.

Sub-note h) and i) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition and initial measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial assets - subsequent measurement and gains and losses

- Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Note 4 Summary of significant accounting policies *(continued)*

h) Financial instruments *(continued)*

Financial liabilities - classification, subsequent measurement and gains and losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

i) Impairment

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

- financial assets that are measured at FVTOCI;
- lease receivables;
- loan commitments that are not measured at FVTPL; and
- financial guarantee contracts that are not measured at FVTPL.

Loss allowance is not recognised for:

- financial assets measured at FVTPL; or
- equity instruments measured at FVTOCI.

ECL's 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 simplified approach to impairment. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime ECL at all times.

Note 4 Summary of significant accounting policies *(continued)*

i) Impairment *(continued)*

Non-derivative financial assets (continued)

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

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

Recognition of expected credit losses in financial statements

At each reporting date, the entity 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 directors have assessed the ECL and noted it is not material.

Non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

j) Issued capital

Ordinary shares

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

k) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to its original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

l) Leases

The company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The details of accounting policies under AASB 117 and Interpretation 4 are disclosed separately.

Note 4 Summary of significant accounting policies *(continued)*

l) Leases *(continued)*

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the group is reasonably certain to exercise that option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Note 4 Summary of significant accounting policies *(continued)*

l) Leases *(continued)*

Policy applicable from 1 July 2019 (continued)

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is lease that, at commencement date, has a lease term of 12 months or less.

As a lessor

The company is not a party in an arrangement where it is a lessor.

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

The company has not been a party in an arrangement where it is a lessor.

Note 4 Summary of significant accounting policies *(continued)*

m) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019, however the changes are not expected to have a significant impact on the company's financial statements.

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
- Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;
- Note 20 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: - the amount; - the lease term; - economic environment; and - other relevant factors.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- Note 8 - revenue recognition	estimate of expected returns;
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

Risk management is carried out directly by the board of directors.

a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	467,529	40,734	162,939	397,162
Trade payables	54,852	54,852	-	-
	522,381	95,586	162,939	397,162

30 June 2019

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Trade payables	27,499	27,499	-	-
	27,499	27,499	-	-

Note 6 Financial risk management *(continued)*

c) Market risk

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of $650,632 at 30 June 2020 (2019: $651,396). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 8 Revenue from contracts with customers

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

Revenue from contracts with customers	2020 $	2019 $
Revenue:		
- Revenue from contracts with customers	1,293,136	1,252,927
	1,293,136	1,252,927

Disaggregation of revenue from contracts with customers		
At a point in time:		
- Margin income	1,081,522	1,037,287
- Fee income	87,293	88,071
- Commission income	124,321	127,569
	1,293,136	1,252,927

There was no revenue from contracts with customers recognised over time during the financial year.

Note 9 Other revenue

The company generates other sources of revenue discretionary contributions received from the franchisor and cash flow boost from the Australian Government.

Other revenue	2020 $	2019 $
Revenue:		
- Market development fund income	10,000	10,000
- Cash flow boost	15,000	-
	25,000	10,000

Note 10 Finance income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

Finance income	2020 $	2019 $
At amortised cost:		
- Term deposits	5,898	9,126
	5,898	9,126

Note 11 Expenses

a) Depreciation and amortisation expense

		2020 $	2019 $
Depreciation of non-current assets:			
-	Leasehold improvements	11,535	15,633
-	Plant and equipment	24,057	2,199
-	Motor vehicles	14,475	12,557
		50,067	30,389
Depreciation of right-of-use assets			
-	Leased land and buildings	27,011	-
		27,011	-
Amortisation of intangible assets:			
-	Franchise fee	2,325	2,325
-	Franchise renewal process fee	11,625	11,625
		13,950	13,950
Total depreciation and amortisation expense		91,028	44,339

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4g and 4h).

b) Finance costs

		Note	2020 $	2019 $
Finance costs:				
-	Lease interest expense	20a)	10,100	-
-	Unwinding of make-good provision		1,263	-
			11,363	-

Finance costs are recognised as expenses when incurred using the effective interest rate.

c) Impairment loss on trade receivables and contract assets

The franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. Due to the reliance on Bendigo Bank the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo Bank receivable as at 30 June 2020.

Note 11 Expenses *(continued)*

d) Charitable donations, sponsorship, advertising and promotion

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	Note	2020 $	2019 $
- Direct sponsorship, advertising, and promotion payments		144,834	106,258
- Contribution to the Community Enterprise Foundation™	11e)	161,082	168,807
		305,916	275,065

The funds contributed are held by the Community Enterprise Foundation™ (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

e) Community Enterprise Foundation™ contributions

During the financial year the company contributed funds to the Community Enterprise Foundation™ (CEF), the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations and sponsorship expenditure included in profit or loss.

Disaggregation of CEF funds	Note	2020 $	2019 $
Opening balance		399,734	493,400
Contributions paid in	11d)	161,082	168,807
Grants paid out		(137,230)	(264,955)
Interest received		2,976	9,300
Management fees incurred		(7,321)	(6,818)
Balance available for distribution		419,241	399,734

f) Employee benefit expenses

Wages and salaries	443,967	411,085
Non-cash benefits	6,356	6,146
Contributions to defined contribution plans	41,074	37,173
Expenses related to long service leave	5,413	5,699
Other expenses	59,162	68,040
	555,972	528,143

Note 11 Expenses *(continued)*

g) Recognition exemption

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2020 $	2019 $
Expenses relating to low-value leases	7,987	-
	7,987	-

Expenses relating to leases exempt from recognition are included in systems costs.

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition.

Note 12 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss	2020 $	2019 $
Current tax expense		
- Current tax	8,117	41,281
- Movement in deferred tax	11,797	7,528
- Adjustment to deferred tax on AASB 16 retrospective application	18,980	-
- Reduction in company tax rate	(1,364)	-
	37,530	48,809

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a gain of $1,364 related to the remeasurement of deferred tax assets and liabilities of the company.

b) *Prima facie* income tax reconciliation	2020 $	2019 $
Operating profit before taxation	154,774	177,487
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	42,563	48,809
Tax effect of:		
- Non-deductible expenses	456	-
- Temporary differences	(30,777)	(7,528)
- Other assessable income	(4,125)	-
- Movement in deferred tax	11,797	7,528
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	(1,364)	-
- Leases initial recognition	18,980	-
	37,530	48,809

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020 $	2019 $
- Cash at bank and on hand	388,340	393,524
- Term deposits	262,292	257,872
	650,632	651,396

Note 14 Trade and other receivables

a) Current assets	2020 $	2019 $
Trade receivables	81,073	57,333
Prepayments	11,713	7,048
Other receivables and accruals	11,731	820
	104,517	65,201

Note 15 Property, plant and equipment

a) Carrying amounts	2020 $	2019 $
Leasehold improvements		
At cost	277,444	274,226
Less: accumulated depreciation	(140,381)	(128,846)
	137,063	145,380
Plant and equipment		
At cost	175,736	62,775
Less: accumulated depreciation	(76,140)	(52,083)
	99,596	10,692
Motor vehicles		
At cost	88,398	88,398
Less: accumulated depreciation	(47,617)	(33,142)
	40,781	55,256
Total written down amount	277,440	211,328

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

Note 15 Property, plant and equipment *(continued)*

b) Reconciliation of carrying amounts

	2020 $	2019 $
Leasehold improvements		
Carrying amount at beginning	145,380	159,518
Additions	3,218	1,495
Depreciation	(11,535)	(15,633)
Carrying amount at end	137,063	145,380
Plant and equipment		
Carrying amount at beginning	10,692	11,266
Additions	112,961	1,625
Depreciation	(24,057)	(2,199)
Carrying amount at end	99,596	10,692
Motor vehicles		
Carrying amount at beginning	55,256	36,448
Additions	-	31,365
Depreciation	(14,475)	(12,557)
Carrying amount at end	40,781	55,256
Total written down amount	277,440	211,328

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

Note 16 Right-of-use assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

Note 16 Right-of-use assets *(continued)*

a) Carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
At cost		695,092	-
Less: accumulated depreciation		(274,019)	-
Total written down amount		421,073	-

b) Reconciliation of carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
Initial recognition on transition	3d)	400,554	-
Accumulated depreciation on adoption	3d)	(247,008)	-
Remeasurement adjustments		294,538	-
Depreciation		(27,011)	-
Total written down amount		421,073	-

Note 17 Intangible assets

a) Carrying amounts

	2020 $	2019 $
Franchise fee		
At cost	93,773	82,968
Less: accumulated amortisation	(83,250)	(80,925)
	10,523	2,043
Franchise renewal process fee		
At cost	168,865	114,839
Less: accumulated amortisation	(116,252)	(104,627)
	52,613	10,212
Total written down amount	63,136	12,255

Note 17 Intangible assets *(continued)*

b) Reconciliation of carrying amounts

	2020 $	2019 $
Franchise fee		
Carrying amount at beginning	2,043	4,368
Additions	10,805	-
Amortisation	(2,325)	(2,325)
Carrying amount at end	10,523	2,043
Franchise renewal process fee		
Carrying amount at beginning	10,212	21,837
Additions	54,026	-
Amortisation	(11,625)	(11,625)
Carrying amount at end	52,613	10,212
Total written down amount	63,136	12,255

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods.

There were no changes in estimates for the current reporting period.

Note 18 Tax assets and liabilities

a) Current tax

	2020 $	2019 $
Income tax refundable	(24,391)	(3,606)

Note 18 Tax assets and liabilities *(continued)*

b) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	30 June 2020
Deferred tax assets	$	$	$	$	$
- expense accruals	798	(17)	-	-	781
- employee provisions	326	(326)	-	-	-
- make-good provision	-	(2,005)	-	7,678	5,673
- lease liability	-	68,031	-	53,527	121,558
Total deferred tax assets	1,124	65,683	-	61,205	128,012
Deferred tax liabilities					
- income accruals	226	96	-	-	322
- property, plant and equipment	14,102	27,744	-	-	41,846
- right-of-use assets	-	67,254	-	42,225	109,479
Total deferred tax liabilities	14,328	95,094	-	42,225	151,647
Net deferred tax assets (liabilities)	(13,204)	(29,411)	-	18,980	(23,635)

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2018	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	30 June 2019
Deferred tax assets	$	$	$	$	$
- expense accruals	1,100	(302)	-	-	798
- employee provisions	-	326	-	-	326
Total deferred tax assets	1,100	24	-	-	1,124
Deferred tax liabilities					
- income accruals	-	226	-	-	226
- property, plant and equipment	6,776	7,326	-	-	14,102
Total deferred tax liabilities	6,776	7,552	-	-	14,328
Net deferred tax assets (liabilities)	(5,676)	(7,528)	-	-	(13,204)

c) Uncertainty over income tax treatments

As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 19 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities	2020 $	2019 $
Trade creditors	54,852	27,499
Other creditors and accruals	25,467	7,442
	80,319	34,941

b) Non-current liabilities		
Other creditors and accruals	57,052	-
	57,052	-

Note 20 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%. Subsequent lease arrangements entered into were discounted at 3.54%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight where appropriate.

Lease portfolio

The company's lease portfolio includes:

- Sarina Branch — The lease agreement is a non-cancellable lease with an initial term of five years which commenced in April 2010. An extension option term of five years was exercised in April 2020. There are no further options available.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Note 20 Lease liabilities *(continued)*

a) Lease liability measurement

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

Lease liabilities on transition	Note	2020 $	2019 $
Initial recognition on AASB 16 transition	3d)	194,645	-
Remeasurement adjustments		301,902	-
Lease payments - interest		10,100	-
Lease payments		(39,118)	-
		467,529	-

b) Current lease liabilities

Property lease liabilities		40,734	-
Unexpired interest		(16,155)	-
		24,579	-

c) Non-current lease liabilities

Property lease liabilities		560,101	-
Unexpired interest		(117,151)	-
		442,950	-

d) Maturity analysis

- Not later than 12 months		40,734	-
- Between 12 months and 5 years		162,939	-
- Greater than 5 years		397,162	-
Total undiscounted lease payments		600,835	-
Unexpired interest		(133,306)	-
Present value of lease liabilities		467,529	-

Note 20 Lease liabilities *(continued)*

e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is an increase in profit after tax of $540.

Profit or loss - increase (decrease) in expenses	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
- Occupancy and associated costs	39,118	(39,118)	-
- Depreciation and amortisation expense	-	27,011	27,011
- Finance costs	-	11,363	11,363
Decrease in expenses - before tax	39,118	(744)	38,374
- Income tax expense / (credit) - current	(10,757)	10,757	-
- Income tax expense / (credit) - deferred	-	(10,553)	(10,553)
Decrease in expenses - after tax	28,361	(540)	27,821

Note 21 Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

a) Non-current liabilities	2020 $	2019 $
Make-good on leased premises	21,819	-
	21,819	-

b) Make-good provision

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term.

The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process.

Provision	Note	2020 $	2019 $
Face-value of make-good costs recognised	3d)	36,752	-
Present value discounting	3d)	(18,810)	-
Present value unwinding		11,241	-
Provision remeasurements		(7,364)	-
		21,819	-

Note 21 Provisions *(continued)*

c) Changes in estimates

During the financial year, the company re-assessed the lease agreement with respect to the make-good and restoration clauses. The estimated costs were revised with respect to an analysis of restoration costs of bank branches completed by Bendigo Bank's property team. The provision was previously assessed as nil or immaterial with no provision recognised in the accounts.

The lease is due to expire on 31 March 2025 at which time it is expected the face-value costs to restore the premises will fall due.

The financial effect of the reassessment, assuming no changes in the above judgements and estimates, on actual and expected finance costs and provisions was as follows:

Profit or loss	2020	2021	2022	2023	2024+
Expense:					
- Finance costs	1,263	785	813	843	12,492
Statement of financial position					
Liability:					
- Make-good provision	21,819	22,604	23,417	24,260	36,752

Note 22 Issued capital

a) Issued capital	2020		2019	
	Number	$	Number	$
Ordinary shares - fully paid	720,109	720,109	720,109	720,109
Less: equity raising costs	-	(32,091)	-	(32,091)
	720,109	688,018	720,109	688,018

b) Rights attached to issued capital

Ordinary shares

Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

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

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

Note 22 Issued capital

b) Rights attached to issued capital *(continued)*

Dividends

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

Transfer

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

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001.*

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").

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

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

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

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

Note 23 Retained earnings

	Note	2020 $	2019 $
Balance at beginning of reporting period		207,623	143,755
Adjustment for transition to AASB 16	3d)	(50,039)	-
Net profit after tax from ordinary activities		117,244	128,678
Dividends provided for or paid	28a)	(72,011)	(64,810)
Balance at end of reporting period		202,817	207,623

Note 24 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Net profit after tax from ordinary activities	117,244	128,678
Adjustments for:		
- Depreciation	77,078	30,389
- Amortisation	13,950	13,950
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(39,316)	13,630
- (Increase)/decrease in other assets	(1,805)	(3,606)
- Increase/(decrease) in trade and other payables	(6,828)	755
- Increase/(decrease) in provisions	1,263	-
- Increase/(decrease) in tax liabilities	10,432	(4,820)
Net cash flows provided by operating activities	172,018	178,976

Note 25 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2020 $	2019 $
Financial assets			
Trade and other receivables	14	92,804	58,153
Cash and cash equivalents	13	388,340	393,524
Term deposits	13	262,292	257,872
		743,436	709,549
Financial liabilities			
Trade and other payables	19	54,852	27,499
Lease liabilities	20	467,529	-
		522,381	27,499

Note 26 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2020	2019
Audit and review services	$	$
- Audit and review of financial statements	4,800	5,700
	4,800	5,700
Non audit services		
- Taxation advice and tax compliance services	-	600
- General advisory services	3,335	2,765
- Share registry services	4,426	2,175
	7,761	5,540
Total auditor's remuneration	12,561	11,240

Note 27 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Karen Lesley May
Maree Gail Franettovich
George Edward (Ted) Malone
Nicholas Paul McDougall
David Luigi Erba
Mark Robert Radke
Gregory Craig Melvin

b) Key management personnel compensation

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

There are no executives within the company whose remuneration is required to be disclosed.

c) Related party transactions

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

Note 28 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2020		30 June 2019	
	Cents	$	Cents	$
Fully franked dividend	10	72,011	9	64,810
Total dividends paid during the financial year	10	72,011	9	64,810

The tax rate at which dividends have been franked is 27.5% (2019: 27.5%).

b) Franking account balance

	2020 $	2019 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	181,193	152,262
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	(3,606)	12,349
- Franking credits from tax instalments paid	43,730	41,165
- Franking debits from the payment of franked distributions	(27,314)	(24,583)
Franking account balance at the end of the financial year	194,003	181,193
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(24,391)	7,616
Franking credits available for future reporting periods	169,612	188,809

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 29 Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2020	2019
	$	$
Profit attributable to ordinary shareholders	117,244	128,678
	Number	Number
Weighted-average number of ordinary shares	720,109	720,109
	Cents	Cents
Basic and diluted earnings per share	16.28	17.87

Note 30 Commitments

a) Lease commitments

Following adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can now be found in 'Lease liabilities' (Note 20).

Operating lease commitments - lessee	2020	2019
Non-cancellable operating leases contracted for but not capitalised in the financial statements	$	$
Payable - minimum lease payments:		
- not later than 12 months	-	32,238
Minimum lease payments payable	-	32,238

b) Other commitments

The company has no other commitments contracted for which would be provided for in future reporting periods.

Note 31 Contingencies

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

Note 32 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Directors' declaration

In accordance with a resolution of the directors of Sarina and District Community Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001* , including:

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

   (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

Karen L May

Karen Lesley May, Chair

Dated this 21st day of August 2020

Independent audit report

Partners in success

Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Independent auditor's report to the members of Sarina and District Community Financial Services Limited

Report on the audit of the financial report

Our opinion

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

i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

What we have audited

Sarina and District Community Financial Services Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of financial position
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

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.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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 *APE*S 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

Partners in success
Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

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

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

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

In preparing the financial report, the directors are responsible for assessing the 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 21 August 2020

Joshua Griffin
Lead Auditor

Taxation | Audit | Business Services

Community Bank · Sarina
37 Broad Street
Sarina QLD 4737
Phone: 07 4943 2634 Fax: 07 4943 2637
Email: Sarinamailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/sarina

Franchisee: Sarina and District Community Financial Services Limited
ABN: 28 112 407 182
37 Broad Street
Sarina QLD 4737
Phone: 07 4943 2634 Fax: 07 4943 2637
Email: executive@sarinacommunity.com.au

Share Registry:
AFS & Associates Pty Ltd
61-65 Bull Street Bendigo VIC 3550
PO Box 454 Bendigo VIC 3552
Phone: 03 5443 0344 Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au
www.afsbendigo.com.au

/SarinaCommunityBankBranch

Bendigo Bank