Shoalhaven Community Financial Services Ltd

ABN 77 128 253 065

Annual Report - 30 June 2021

General information

The financial statements cover Shoalhaven Community Financial Services Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Shoalhaven Community Financial Services Ltd's functional and presentation currency.

Shoalhaven Community Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

98 Kinghorne Street, NOWRA, NSW 2541

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 October 2021. The directors have the power to amend and reissue the financial statements.

Shoalhaven Community Financial Services Ltd
Directors' report
30 June 2021

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2021.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Antony Morris
Gary Tearle
Kelvin Taylor
Deborah Wooley
Paul Dean (resigned June 2021)
Elspeth Finney (resigned November 2020)
Anna Finch (resigned November 2020)
Jack Miller (resigned February 2021)

Principal activities

The principal activity of the Company during the financial year was providing **Community Bank®** services under management rights to operate a franchised branch of the Bendigo and Adelaide Bank Limited.

No significant change in the nature of these activities occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the company after providing for income tax amounted to $48,378 (30 June 2020: $19,659).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

At the time of this report, the NSW Government has lifted a state-wide regional lockdown with easing restrictions. The Company cannot reliably estimate the impacts on its customers. The impact of COVID-19 on the Company going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the 2022 annual financial statements.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Antony Morris
Title:	Director
Qualifications:	Fellow Australian Institute of Company Directors, Fellow Managers and Leaders Institute, Military qualification in Strategy and Leadership
Special responsibilities:	Chairperson
Interests in shares:	Nil

Name:	Gary Tearle
Title:	Director
Qualifications:	Teacher (retired)
Special responsibilities:	Finance and Audit Committee
Interests in shares:	1,000 Ordinary shares

Name:	Kelvin Taylor
Title:	Director
Qualifications:	Bachelor of Arts (Visual Communication)
Special responsibilities:	Marketing Committee
Interests in shares:	Nil

Name:	Deborah Wooley
Title:	Director
Qualifications:	Bachelor of Business, Member of CA ANZ
Special responsibilities:	Finance and Audit Committee Marketing and HR committee
Interests in shares:	Nil

Name:	Paul Dean (resigned June 2021)
Title:	Director
Qualifications:	Bachelor of Commerce, Master of Business Administration
Special responsibilities:	Finance & Audit Committee
Interests in shares:	Nil

Name:	Elspeth Finney
Title:	Director (resigned November 2020)
Qualifications:	Bachelor of Laws
Special responsibilities:	Marketing and HR committee
Interests in shares:	Nil

Name:	Anna Finch
Title:	Director (resigned November 2020)
Qualifications:	Marketing consultant
Special responsibilities:	Marketing and HR committee
Interests in shares:	Nil

Name:	Jack Miller
Title:	Director (resigned February 2021)
Qualifications:	Bachelor of Arts, Bachelor of Laws
Special responsibilities:	Finance and Audit Committee
Interests in shares:	Nil

Company secretary
The company secretary is Jane Fisher. Jane was appointed to the position of secretary on 25 November 2015.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Antony Morris	10	10
Paul Dean	9	10
Gary Tearle	8	10
Kelvin Taylor	9	10
Deborah Wooley	8	10
Elspeth Finney (resigned November 2020)	1	4
Anna Finch (resigned November 2020)	-	4
Jack Miller (resigned February 2021)	3	6

Held: represents the number of meetings held during the time the director held office.

Remuneration report
Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the company held during the financial year by each director and other members of key management personnel of the company, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Gary Tearle	1,000	-	-	-	1,000
	1,000	-	-	-	1,000

Loans to directors and executives
There were no loans to key management personnel during the current or prior reporting period.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

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 immediately after this directors' report.

Auditor

Daley Audit continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

On behalf of the directors

Antony Morris	Gary Tearle
Chairperson	Director

27 October 2021

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001
To the Directors of Shoalhaven Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

i) no contraventions of the 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.

Daley Audit

Daley Audit

Stephen Milgate
Partner

Wollongong

27 October 2021

Liability limited by a scheme approved under Professional Standards Legislation

Wollongong
PO Box 333
Wollongong NSW 2520
02 4229 6477
wollongong@daley.com.au

Bowral
PO Box 1032
Bowral NSW 2576
02 4862 1082
bowral@daley.com.au

Sydney
PO Box 333
Wollongong NSW 2520
02 8236 8177
sydney@daley.com.au

Corrimal
PO Box 333
Wollongong NSW 2520
02 4283 6088
corrimal@daley.com.au

daley.com.au
ABN 43 152 844 291
Liability limited by a Scheme approved under Professional Standards Legislation.

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Shoalhaven Community Financial Services Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	3	553,358	565,066
Expenses			
Employee benefits expense		(330,212)	(333,364)
Depreciation and amortisation expense		(51,103)	(50,606)
Administration expenses		(67,230)	(98,076)
Information technology expenses		(20,551)	(20,639)
Occupancy expenses		(12,547)	(14,218)
Other expenses		(6,394)	(7,539)
Finance costs		(16,943)	(20,965)
Profit before income tax expense		48,378	19,659
Income tax expense	4	-	-
Profit after income tax expense for the year attributable to the owners of Shoalhaven Community Financial Services Ltd	17	48,378	19,659
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Shoalhaven Community Financial Services Ltd		48,378	19,659

	Note	Cents	Cents
Basic earnings per share	25	5.73	2.33
Diluted earnings per share	25	5.73	2.33

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Shoalhaven Community Financial Services Ltd
Statement of financial position
As at 30 June 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	5	19,466	14,771
Trade and other receivables	6	28,757	30,578
Other	8	7,524	4,833
Total current assets		55,747	50,182
Non-current assets			
Property, plant and equipment	9	36,783	44,087
Right-of-use assets	7	198,740	229,316
Intangibles	10	26,445	39,667
Total non-current assets		261,968	313,070
Total assets		317,715	363,252
Liabilities			
Current liabilities			
Trade and other payables	11	50,082	42,787
Borrowings	12	241,425	294,148
Lease liabilities	13	27,265	25,833
Employee benefits	14	33,607	37,773
Total current liabilities		352,379	400,541
Non-current liabilities			
Trade and other payables	11	-	14,544
Lease liabilities	13	179,228	206,493
Employee benefits	14	1,798	6,665
Provisions	15	17,625	16,702
Total non-current liabilities		198,651	244,404
Total liabilities		551,030	644,945
Net liabilities		(233,315)	(281,693)
Equity			
Issued capital	16	844,400	844,400
Accumulated losses	17	(1,077,715)	(1,126,093)
Total deficiency in equity		(233,315)	(281,693)

The above statement of financial position should be read in conjunction with the accompanying notes

Shoalhaven Community Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2021

	Issued capital $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2019	844,400	(1,145,752)	(301,352)
Profit after income tax expense for the year	-	19,659	19,659
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	19,659	19,659
Balance at 30 June 2020	844,400	(1,126,093)	(281,693)

	Issued capital $	Retained profits $	Total deficiency in equity $
Balance at 1 July 2020	844,400	(1,126,093)	(281,693)
Profit after income tax expense for the year	-	48,378	48,378
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	48,378	48,378
Balance at 30 June 2021	844,400	(1,077,715)	(233,315)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Shoalhaven Community Financial Services Ltd
Statement of cash flows
For the year ended 30 June 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		607,339	619,359
Payments to suppliers and employees (inclusive of GST)		(495,250)	(557,250)
		112,089	62,109
Interest and other finance costs paid		(16,943)	(7,722)
Net cash from operating activities	24	95,146	54,387
Cash flows from investing activities			
Payments for property, plant and equipment	9	-	(4,740)
Net cash used in investing activities		-	(4,740)
Cash flows from financing activities			
Proceeds/(repayment) of leases		(37,728)	(37,728)
Net cash used in financing activities		(37,728)	(37,728)
Net increase in cash and cash equivalents		57,418	11,919
Cash and cash equivalents at the beginning of the financial year		(279,377)	(291,296)
Cash and cash equivalents at the end of the financial year	5	(221,959)	(279,377)

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

These financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Company is technically insolvent in that its liabilities exceed its assets. Furthermore, current liabilities exceed current assets. This has come as a result of ongoing trading losses experienced since commencing business.

Since the balance date, the Company has continued to take steps to improve its trading performance by careful cash flow management, further reducing operating costs and reconfirming the level of support from Bendigo and Adelaide Bank Ltd in relation to the provision of the overdraft facility of $400,000 for a period of 12 months from the date of signing this financial report (refer note 14). This allows the statutory financial report to be prepared on a going concern basis.

Whilst support has been provided, the overdraft continues to be utilised as part of the working capital of the Company, hence it is recorded as a current liability in the statement of financial position. As a result of the above measures, the Directors believe that the company will continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Note 1. Significant accounting policies (continued)

Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Specific revenue stream

The Company recognises revenue from the following major source providing Community Bank® branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Provision of branch services

Revenue from the provision of branch services is recognised over the period in which the services are rendered. The contract for branch services are subject to a formal franchise agreement.

The agreement includes an enforceable right for the Company to receive payment for work performed to date based on the services provided based upon observable data and therefore the criteria for recognition of revenue over time is met.

The Company's payment terms are 30 days from the end of the month and accordingly there is no financing element to the services provided.

At the end of each month, the Company recognises a receivable as this represents the point in time at which the Company's right to consideration becomes unconditional as a Recipient Created Tax invoice (or equivalent) accompanies the services provided, as only the passage of time is required before payment is due

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 1. Significant accounting policies (continued)

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Note 1. Significant accounting policies (continued)

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

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

Note 1. Significant accounting policies (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2021. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 3. Revenue

	2021 $	2020 $
Revenue from contracts with customers		
Margin income	402,713	414,138
Commission Income	55,622	50,689
Fee income	41,057	40,040
Market development fund	22,500	35,000
	521,892	539,867
Other revenue		
Commonwealth government grants	30,014	22,134
State government grants	-	2,500
Other revenue	1,452	565
	31,466	25,199
Revenue	553,358	565,066

Note 3. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	2021 $	2020 $
Timing of revenue recognition		
at a point in time	480,994	486,838
over time	40,898	53,029
	521,892	539,867

Note 4. Income tax expense

	2021 $	2020 $
Prima-facie reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	48,378	19,659
Tax at the statutory tax rate of 26% (2020: 27.5%)	12,578	5,406
Prior year tax losses not recognised now recouped	(12,578)	(5,406)
Income tax expense	-	-

	2021 $	2020 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Employee benefits	9,205	12,220
Provision for lease make good	4,582	4,593
Accrued expenses	3,988	8,068
Plant and equipment	10,313	12,076
Tax losses carried forward	272,107	294,128
Total deferred tax assets not recognised	300,195	331,085

The above potential tax benefit, which includes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 5. Cash and cash equivalents

	2021 $	2020 $
Current assets		
Cash at bank	19,466	14,771

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	19,466	14,771
Bank overdraft (note 12)	(241,425)	(294,148)
Balance as per statement of cash flows	(221,959)	(279,377)

Note 6. Trade and other receivables

	2021 $	2020 $
Current assets		
Trade receivables	28,757	30,578

Note 7. Right-of-use assets

	2021 $	2020 $
Non-current assets		
Leased building - right-of-use	305,755	305,755
Less: Accumulated depreciation	(107,015)	(76,439)
	198,740	229,316

Note 7. Right-of-use assets (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Kinghorne Street $	Total $
Balance at 1 July 2019	305,755	305,755
Accumulated depreciation recognised on initial application of AASB 16	(45,863)	(45,863)
Depreciation expense	(30,576)	(30,576)
Balance at 30 June 2020	229,316	229,316
Depreciation expense	(30,576)	(30,576)
Balance at 30 June 2021	198,740	198,740

Note 8. Other

	2021 $	2020 $
Current assets		
Prepayments	7,524	4,833

Note 9. Property, plant and equipment

	2021 $	2020 $
Non-current assets		
Leasehold improvements - at cost	290,154	290,154
Less: Accumulated depreciation	(258,456)	(252,577)
	31,698	37,577
Plant and equipment - at cost	25,340	25,340
Less: Accumulated depreciation	(20,587)	(19,495)
	4,753	5,845
Computer equipment - at cost	18,354	18,354
Less: Accumulated depreciation	(18,022)	(17,689)
	332	665
	36,783	44,087

Note 9. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & equipment $	Computer equipment $	Leasehold improvements $	Total $
Balance at 1 July 2019	1,604	998	43,553	46,155
Additions	4,740	-	-	4,740
Depreciation expense	(499)	(333)	(5,976)	(6,808)
Balance at 30 June 2020	5,845	665	37,577	44,087
Depreciation expense	(1,092)	(333)	(5,879)	(7,304)
Balance at 30 June 2021	4,753	332	31,698	36,783

Note 10. Intangibles

	2021 $	2020 $
Non-current assets		
Other intangible assets - at cost	26,445	39,667

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Franchise fee $	Total $
Balance at 1 July 2019	52,889	52,889
Amortisation expense	(13,222)	(13,222)
Balance at 30 June 2020	39,667	39,667
Amortisation expense	(13,222)	(13,222)
Balance at 30 June 2021	26,445	26,445

Note 11. Trade and other payables

	2021 $	2020 $
Current liabilities		
Trade payables	50,082	42,787
Non-current liabilities		
Trade payables	-	14,544
	50,082	57,331

Refer to note 19 for further information on financial instruments.

Note 12. Borrowings

	2021 $	2020 $
Current liabilities		
Bank overdraft	241,425	294,148

Refer to note 19 for further information on financial instruments.

Security details

The overdraft facility is supplied by the Bendigo and Adelaide Bank Ltd. The facility has an approved limit of $400,000 with a floating interest rate of 2% at 30 June 2021. Bendigo and Adelaide Bank Ltd have a Registered First Company Debenture charge from the Company.

Note 13. Lease liabilities

	2021 $	2020 $
Current liabilities		
Lease liability - Rights-of-use	27,265	25,833
Non-current liabilities		
Lease liability - Rights-of-use	179,228	206,493
	206,493	232,326

Statement of Profit of Loss and other Comprehensive Income

Note 13. Lease liabilities (continued)

	2021 $	2020 $
Interest expense on lease liabilities	11,895	13,243
Depreciation charge related to right-of-use asset	30,576	30,576
	42,471	43,819

Statement of Cash Flows

Total cash outflows for leases	37,728	37,728

Note 14. Employee benefits

	2021 $	2020 $
Current liabilities		
Annual leave	23,541	27,036
Long service leave	10,066	10,737
	33,607	37,773
Non-current liabilities		
Long service leave	1,798	6,665
	35,405	44,438

Note 15. Provisions

	2021 $	2020 $
Non-current liabilities		
Lease make good	17,625	16,702

Note 16. Issued capital

	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	844,400	844,400	844,400	844,400

Note 16. Issued capital (continued)

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The company is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Annual Report.

	2021 $	2020 $
Total borrowings, trade and other payables	498,000	583,806
Less cash on hand	(19,466)	(14,771)
	478,534	569,035
Total capital	844,400	844,400
Gearing ratio	56.7%	67.4%

Note 17. Accumulated losses

	2021 $	2020 $
Accumulated losses at the beginning of the financial year	(1,126,093)	(1,145,752)
Profit after income tax expense for the year	48,378	19,659
Accumulated losses at the end of the financial year	(1,077,715)	(1,126,093)

Note 18. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 19. Financial instruments

Financial risk management objectives

The company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. 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 uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The company uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the company and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the company's operating units. Finance reports to the Board on a monthly basis.

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

	2021 $	2020 $
Financial assets		
- cash and cash equivalents	19,466	14,771
- accounts receivable and other debtors	28,757	30,578
Total financial assets	48,223	45,349
Financial liabilities		
- accounts and other payables	50,082	57,332
- borrowings	241,425	294,148
- lease liabilities	206,493	232,326
	498,000	583,806

Note 19. Financial instruments (continued)

Market risk

Price risk
The company is not exposed to any significant price risk.

Interest rate risk
The company's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the company to interest rate risk. Borrowings obtained at fixed rates expose the company to fair value interest rate risk.

As at the reporting date, the company had the following variable rate borrowings and interest rate swap contracts outstanding:

	2021		2020	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	$	%	$
Bank overdraft and bank loans	2.00%	241,425	2.00%	294,148
Net exposure to cash flow interest rate risk		241,425		294,148

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

	Average interest rate increase			Average interest rate decrease		
2021	%	Effect on profit before tax	Effect on equity	%	Effect on profit before tax	Effect on equity
Overdraft	1	2,414	2,414	1	(2,414)	(2,414)

	Average interest rate increase			Average interest rate decrease		
2020	%	Effect on profit before tax	Effect on equity	%	Effect on profit before tax	Effect on equity
Overdraft	1	2,941	2,941	1	(2,941)	(2,941)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not hold any collateral.

Note 19. Financial instruments (continued)

The company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the company based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Allowance for expected credit losses
The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021	2020	2021	2020	2021	2020
	%	%	$	$	$	$
Not overdue	-	-	27,677	29,498	-	-

Liquidity risk
Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	50,082	-	-	-	50,082
Interest-bearing - fixed rate						
Bank overdraft	2.00%	241,425	-	-	-	241,425
Total non-derivatives		291,507	-	-	-	291,507

Note 19. Financial instruments (continued)

2020	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	42,787	14,544	-	-	57,331
Interest-bearing - fixed rate						
Bank overdraft	2.00%	294,148	-	-	-	294,148
Total non-derivatives		336,935	14,544	-	-	351,479

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Daley Audit , the auditor of the company:

	2021 $	2020 $
Audit services -		
Audit or review of the financial statements	11,700	11,500

Note 21. Related party transactions

Shares held by key management personnel

The number of ordinary shares in the Company during the 2021 reporting period held by each of the Company's Key Management Personnel, including their related parties , is set out below:

	2021 $	2020 $
Director shareholdings		
Gary Tearle	1,000	1,000

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 21. Related party transactions (continued)

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 22. Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at Nowra.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" the logo and systems of operation of Bendigo and Adelaide Bank Limited. The Company manages the Community Bank branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branch is effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

As can be seen in Note 12, the Company has significant borrowing facilities with its banker, being an overdraft of $400,000 (with $241,425 used at balance date). This is in light of:

- The negative asset position in the statement of financial position
- The net current asset deficiency position and going concern assertion referred to in Note 1
- The gearing ratio of 56.7% (in Note 16)

As part of the facility agreement, the bank reviews the position of the Company on a regular basis and has been in communication with management of the Company in relation to its financial performance and position. As at the date of signing this report, the Company has met all repayment schedules requested by the bank and they have formally confirmed that they will continue to provide this overdraft facility.

Note 23. Events after the reporting period

On 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic.

At the time of this report, the NSW Government has lifted a state-wide regional lockdown with easing restrictions. The Company cannot reliably estimate the impacts on its customers. The impact of COVID-19 on the Company going forward, including its financial condition cannot be reasonably estimated at this stage and will be reflected in the 2022 annual financial statements.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 24. Reconciliation of profit after income tax to net cash from operating activities

	2021 $	2020 $
Profit after income tax expense for the year	48,378	19,659
Adjustments for:		
Depreciation and amortisation	51,102	50,606
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	1,821	(529)
Increase in prepayments	(2,691)	(113)
Increase/(decrease) in trade and other payables	4,646	(11,202)
Decrease in employee benefits	(9,033)	(4,034)
Increase in other provisions	923	-
Net cash from operating activities	95,146	54,387

Note 25. Earnings per share

	2021 $	2020 $
Profit after income tax attributable to the owners of Shoalhaven Community Financial Services Ltd	48,378	19,659

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	844,400	844,400
Weighted average number of ordinary shares used in calculating diluted earnings per share	844,400	844,400

	Cents	Cents
Basic earnings per share	5.73	2.33
Diluted earnings per share	5.73	2.33

Shoalhaven Community Financial Services Ltd
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

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

Signed in accordance with a resolution of directors.

On behalf of the directors

Antony Morris	Gary Tearle
Chairperson	Director

27 October 2021

Independent Audit Report
to the members of Shoalhaven Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Shoalhaven Community Financial Services Limited ("the Company") which comprises the statement of financial position as at 30 June 2021, the statement of profit and loss and other comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2021 and of its financial performance for the year ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Relating to Going Concern

We draw attention to Note 1 in the financial report which, among other matters, indicates that the Company is in a net asset and net current asset deficiency position as at balance date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore whether the Company will be able to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Wollongong
PO Box 333
Wollongong NSW 2520
02 4229 6477
wollongong@daley.com.au

Bowral
PO Box 1032
Bowral NSW 2576
02 4862 1082
bowral@daley.com.au

Sydney
PO Box 333
Wollongong NSW 2520
02 8236 8177
sydney@daley.com.au

Corrimal
PO Box 333
Wollongong NSW 2520
02 4283 6088
corrimal@daley.com.au

daley.com.au
ABN 43 152 844 291
Liability limited by a Scheme approved under Professional Standards Legislation.

CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Directors' report for the year ended 30 June 2021, but does not include the financial report and our auditor’s report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Directors for the Financial Report

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

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

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor’s report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 4 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Shoalhaven Community Financial Services Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Daley Audit
Daley Audit

Stephen Milgate
Partner

Wollongong

27 October 2021

Liability limited by a scheme approved under Professional Standards Legislation