

Annual Report 2020

Trafalgar & District
Financial Services Limited

Community Bank
Trafalgar & District

Contents

Chairman's report	2
Manager's report	4
Bendigo and Adelaide Bank report	6
Marketing Committee report	7
Corporate Governance Committees	10
Directors' report	11
Auditor's independence declaration	15
Financial statements	16
Notes to the financial statements	20
Directors' declaration	29
Independent audit report	30

Chairman's report

For year ending 30 June 2020

It is a pleasure for me to present the 2019/20 Annual Report for Trafalgar & District Financial Services Limited (TDFS) and in so doing congratulate the staff at our branch for achieving a record result during a year that has experienced immense challenge. This result has been achieved under the leadership of the Branch Manager, Phil Drummond, working with the staff to ensure a consistent high-level of customer service and the ability to identify the right products to match the needs of our clients. The Branch Manager's report provides the details of these achievements.

The onset of COVID-19 pandemic and resulting recessionary conditions may negatively impact future performance, which Phil and the Board will be closely monitoring. It is also important to understand the additional anxiety placed on our staff needing to continue to attend their workplace during this period as well as managing home-schooling and impacts of other restrictions. We thank Phil for attending to the health and safety needs of both staff and our clients and with continual reports to the Board we are comfortable that the highest level of protection is in place.

The Board has experienced a year of gain and loss as we very recently farewelled our Board Secretary, Claire Anderson. Claire has provided expert support to the Board for over five years. Her knowledge of the processes and systems has been of immense assistance to the Board, colleagues and in particular myself as Chairman. Claire has resigned for personal reasons and we wish her well into the future – she is missed. The Board is very appreciative of the dual effort of our colleague, Debbie Di Sisto, who not only assumed responsibility for the Board's financial operations at a time of need but also has stepped into the Board Secretary role while recruitment for both positions is underway.

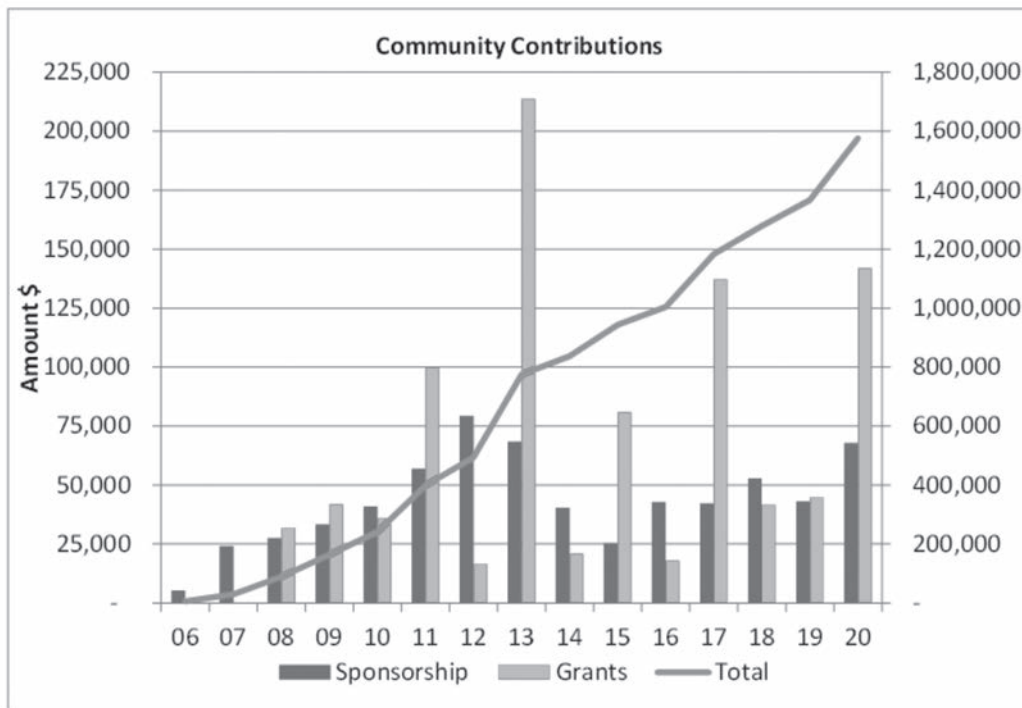
During the year we welcomed Stephanie Paul into the position of Marketing Coordinator following the resignation of Melanie Jinnette. Stephanie has embraced the role and brought a new perspective to the marketing of the Branch recognising the importance of informing the new population of Trafalgar and district of the services we offer. Our best wishes to Melanie as we thank her for her work.

I thank my Board colleagues Debbie Di Sisto, Di Harrison, Darren Wallace, Matt Steendam and David Balfour for their consistent support and input. The year has not been without challenge and their commitment to the purpose of the organisation along with recognition of the Banking Royal Commission outcomes and the need for good governance is to be acknowledged. We farewelled Libby Dummet from the Board earlier in the year. Libby was a valued Director but her professional career demands prevented her from continuing on the TDFS Board.

We are proud to be working with the Bendigo and Adelaide Bank Limited who are the fifth largest Australian Retail Bank, the most trusted and with whom we partner to continue to improve the customer service experience.

During the past year TDFS has contributed a total of \$67,926 to the community through a range of sponsorships and donations and \$124,025 through the grants program. The Board has decided not to contribute to the Community Enterprise Foundation™ (CEF) in the present financial year but to be more flexible in investing funds to projects that assist and support our community to recover from COVID-19. This money now sits in a Project Funds account with policy to be prepared that will determine and guide its distribution as well as to give the Board guidance in identifying major projects that will benefit the whole of Trafalgar and District particularly in support of COVID-19 recovery.

Chairman's report (continued)



We continue to support our young people through the scholarship program which is aimed at assisting local students who are moving into post-secondary education with their costs. To date the scholarship program has awarded a total of \$142,000 and supported 27 students from within the catchment.

The ongoing support by shareholders and customers has enabled the admirable results experienced in 2019/20 financial year. The Board thank you. With funds not contributed to the Community Enterprise Foundation™ as a pre-tax contribution, earnings per share are higher at close of the financial year in the financial statements. With these outcomes in mind the Board fully revised the dividend distribution. I am pleased to announce that shareholders will receive a fully franked dividend of 12c per share that will be paid on 30 November 2020. Earnings per share stand at 44.13 cents at year end.

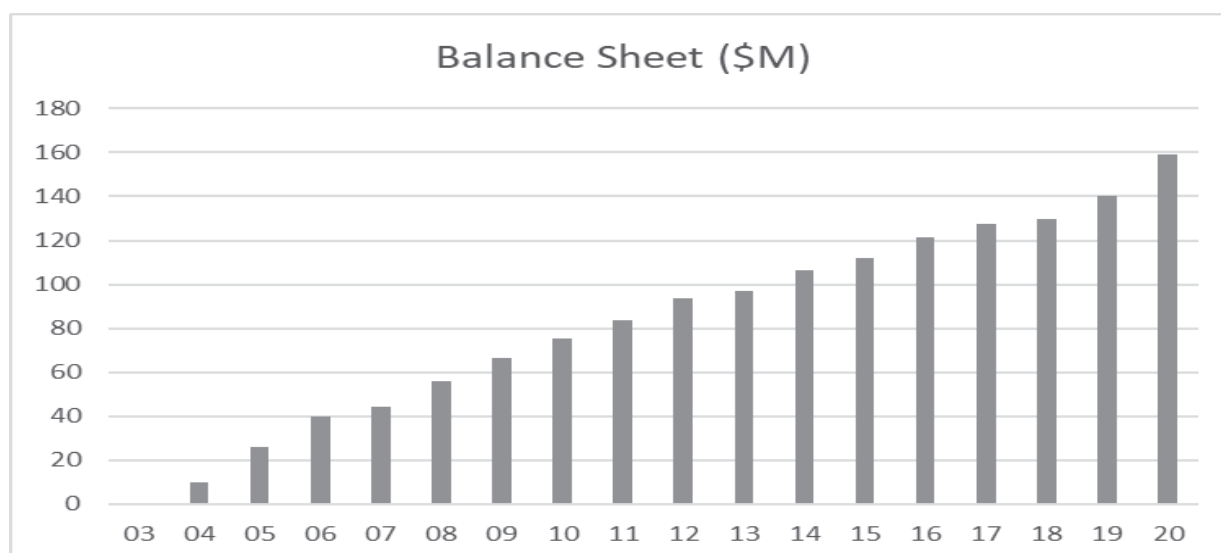
It is with confidence that we progress into another year in spite of the challenges that lie ahead. Although we are in a period of low economic growth, we continue to flourish in our objectives to provide valued support to our community. Our wish is for our community to keep safe and keep well.

Christine Holland
Chairman

Manager's report

For year ending 30 June 2020

This year I am pleased to report that the branch has increased its balance sheet by \$18.91 million to finish the year with an overall balance of \$159.173 million of funds under management. This includes a loan balance of \$71.090 million, deposit balance of \$81.660 million and off-balance sheet business of \$6.523 million. This is the strongest annual result in the branch's history. It also includes a reduction in the financial planning portfolio of \$4.144 million as a result of Bendigo and Adelaide Bank Limited selling that part of its business to Bridges Financial Services in August 2019.



Much of the growth in our business over the last 12 months is a result of being the only bank in town. It is also because of the outstanding reputation we have built within the community for the outstanding service the staff in the branch provide together with the competitive and comprehensive range of products and services offered by Bendigo Bank to all sectors of our community. A very pleasing component of the growth was the amount of local business changing their banking to us. This provided \$5.75 million towards the lending growth this year.

Some interesting statistics relating to the current profile of the branch are included below for the benefit of shareholders:

	2018/19	2019/20
Number of customers	3,264	3,212 *
Lending growth	\$4,867 million	\$9,690 million
Deposit growth	\$5.142 million	\$12.488 million
Other Business growth	\$770,636	-\$3.267 million
Loan settlements	\$17.206 million	\$23.635
Products per customer	2.187	2.318

* Due to consolidation of customer records, not a reduction in customers.

Manager's report (continued)

During the second half of the year COVID-19 has created some uncertainty in our community resulting in reduced visitation to the branch. The pandemic has also created some uncertainty in the property market which is likely to make the demand for lending less predictable in the coming year.

Whilst our aims for the coming year have been affected by the pandemic, we are still keen to build our business so we can continue to extend the level of support we can provide to our community. Our aims include:

- increasing the number of customers using us as their primary bank;
- increasing the strength of our relationship with our customers;
- continue to build our lending and deposit levels; and
- increase the support we can provide to all parts of our community to assist it in its recovery from the COVID-19 pandemic.

So, as I did last year, I am asking shareholders to assist us to continue to build this business for the benefit of our community, I am asking that all shareholders think about whether they want their banking to contribute to their community if it doesn't already. And I ask you to talk to your friends, families and neighbours about the same thing and ask them if they have considered moving their banking to Community Bank Trafalgar & District to receive outstanding banking services and products and have their banking contribute to the growth and development of our community.

I would like to thank the Board for its support of the branch during the year. I would also like to thank the community for its faith it has shown in us to look after their financial needs.



Community Bank Trafalgar & District staff

Finally, I would like to thank the outstanding staff in the branch for their dedication and commitment providing an outstanding service to our customers. Staffing in the branch has remained stable this year with the only change resulting from the departure of Kate Westbury. The Board has decided to continue the traineeship program for its third year. Hayley Finegan completed her 12-month traineeship and has moved on. A new trainee commenced in June. Her name is Kalani Pakoti. The outstanding staff who have worked in the branch this year included Christie Ashe, Gavin Duffy, Hayley Finegan, Tiffany Kokshoorn, Kalani Pakoti, Shantelle Webb and Kate Westbury.

Phil Drummond
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Marketing Committee report

For year ending 30 June 2020

The Marketing Committee provides oversight and guidance to the Board to ensure effective and efficient management of marketing, development of an advertising program, and development and implementation of procedures for the administration of sponsorship and community grants. The committee also has responsibilities in relation to the company's franchise agreement with Bendigo and Adelaide Bank Limited. The committee meets monthly and reports to the Board at each monthly meeting. The Marketing committee moved to online meetings in April due to the COVID-19 pandemic.

Sponsorship

The following table contains sponsorship paid to organisations during the 2019/20 financial year:

Organisation	Event / Activity / Program	Amount \$
Trafalgar Golf Club	Signage on 1st Tee	300
Thorpdale Primary School	Fruit for Students	600
Narracan Coalville LNAG	Walking Trail	600
Trafalgar Men's Shed	Solar System	7,450
Trafalgar Boxing Gym	Treadmills	5,000
Trafalgar Cricket Club	Marquee	1,858
Story Dogs Ltd.	Story Dogs Program	500
Willow Grove Recreation Reserve	Purchase of Lawn Mower	10,000
Rawson Primary School	Performing Arts Program Transport	369
Walhalla Goldfields Railway Inc.	Train Project Sponsorship	2,000
Trafalgar Primary School	Performing Arts Program Transport	720
Trafalgar Primary School	Festival on the Lawn – Sound Equipment	650
Thorpdale Primary School	Performing Arts Program Transport	210
Baw Baw Sustainability Harvest	Creative Harvest Event	1,000
Trafalgar Polocrosse Club Inc.	Women's Polocrosse Competition	5,000
Yarragon Cricket Club	Club Sponsorship 2019/20 Season	2,500
Lions Club of Trafalgar	Access Telehealth Seed Funding	15,000
Trafalgar High School	Water Week Program	1,000
Trafalgar Probus Club	Club Newsletter Production	500
Baw Baw L2P	L2P Program	4,800
Hill End Community Inc.	Defibrillator	2,000
Trafalgar Rotary Club	Defibrillators for Thorpdale and Trafalgar	4,000
	Total	66,057

Marketing Committee (continued)

The Branch Manager and staff members are invited to attend committee meetings and their input is valued. An important focus is for organisations in receipt of sponsorship money to actively promote the bank to build the business. Unfortunately, opportunities to tell our Community Bank story at sponsorship presentation evenings did not eventuate due to the COVID-19 pandemic.

The Board endorsed sponsorship in the form of seed-funding to enable the Community Bank Trafalgar & District to partner with Access Telehealth, Trafalgar Lions Club and Trafalgar Medical to create a designated Telehealth Hub for the residents of Trafalgar and the broader community. Telehealth is an innovative and evolving way to provide health care, especially in rural areas. The Hub was officially launched in May.

Recently, committee members reviewed and updated the sponsorship application and feedback forms. New Bendigo Bank branding, together with an improved layout, has resulted in forms that look professional and are user-friendly. The committee also developed comprehensive guidelines to assist with writing sponsorship agreements. The forms and guidelines have been endorsed by the Board.

Community Investment Grant Program

A Community Investment Grant Program presentation evening on the 14 November resulted in six organisations receiving funding from the Community Enterprise Foundation™ (CEF).

Organisation	Event / Activity / Program	Amount \$
Trafalgar Bowls Club Inc.	Purchase and installation of an 18 kW Solar Panel System	16,000
Gippsdown Reserve Committee of Management	Provide a tea-room facility for volunteers	10,196
Trafalgar Cricket Club	Refurbish club rooms	12,934
Trafalgar Men's Shed	Installation of dust extraction system	23,000
Yarragon Football Netball Club Inc.	Replace the carpet in the Dowton Park Reserve social rooms	10,000
St Joseph's Primary School Trafalgar	To develop a play area with cubby houses and digging pit	13,245
	Total	85,375

Community Bank Trafalgar & District Scholarship

Two students were awarded a Community Bank Trafalgar & District Scholarship, valued at \$2,000 each, to assist them to complete their chosen tertiary studies. Seven other scholarship recipients have received further funding, (after meeting specific criteria), and are working towards completing studies. Since 2012, more than \$142,000 in scholarship funding has been provided to local students.

Youth Foundation

Matters relating to Youth Foundation are dealt with by the Marketing Committee on behalf of the Board. In the last financial year, three grants were awarded through the Community Enterprise Foundation™ (CEF) Youth Foundation. The position of Youth Foundation Facilitator is vacant.

Organisation	Event / Activity / Program	Amount \$
TheatreCraft Youth Unlimited	Accommodation expenses for participants	5,000
Rotary Club of Trafalgar	Roof covering for external soccer pitch at Trafalgar High School	30,000
Rotary Club of Trafalgar	Art Show and Twilight Market	3,650
	Total	38,650

Marketing Committee report (continued)

Marketing

Stephanie Paul was appointed as Marketing and Sponsorship Coordinator in March 2020. Her role is to assist the Marketing and Sponsorship Lead with marketing and sponsorship related tasks, such as producing media, taking photographs, assessing and administering sponsorship and grant applications, and public and customer relations.

The 2019 Marketing Strategy has been implemented and supported by consultant, Erika MacInerney (Mac&Ernie). Increasing social media presence has been a strong focus to promote the branch and build banking business. Facebook posts, community outreach, and local newspapers have been utilised to promote positive stories using real people and projects to create a closer link with our community.

A new marketing system called 'Outfit' was rolled out in March and replaced Marketing Central. Training has been completed by Stephanie Paul and engaging advertisements, using resources in Outfit, have been created for local papers and social media.

A costed advertising program was prepared and endorsed by the Board in April and is being implemented.

Di Harrison (Lead), Debbie Di Sisto, David Balfour, Phil Drummond (Branch Manager), and Stephanie Paul (Administration)

Corporate Governance Committees

For year ending 30 June 2020

Audit & Risk Committee

At the April meeting of the Audit & Risk committee, Finance and Low Volume Market committees were both merged into Audit and Risk. This was successfully ratified at the May 2020 Board meeting.

This committee is now responsible for the risk register, the financial performance of the company and the administration of the share trading for Trafalgar & District Financial Service Limited (TDFS).

The Audit & Risk Committee met on two occasions during the 2019/20 financial year. The Committee has continued to use the risk register to assess and manage risks to the company throughout the year. The Audit & Risk Committee has maintained a focus on ensuring that the company is governed by a robust and skilled Board, to ensure continued stability and growth. The 2019/20 year has seen a focus on recruitment of three new Directors as well as succession planning to ensure continuity of Board knowledge.

Throughout the 2019/20 financial year there was only one share transactions including sales and transfers. A review of the share registry is regularly conducted to ensure that there are not shareholders with a prohibited shareholding interest. No breaches to the company's constitution or the Low Volume Market rules were noted.

RSD Chartered Accountants manage the Low Volume Market share registry and have introduced an online shareholder portal that enables our shareholders to access information about their shareholdings including tax statements and share listings. This portal also provides the TDFS Board with ready access to shareholder trades, sales and transfers of holdings throughout the year.

If you would like to register for purchase or sale of shares please contact office@tdfs.com.au for an invitation to be sent to you to register. Dividend statements will only be accessible through the portal for the 2020 dividend payment.

There were 309 shareholders with a total of 532,850 shares as at 30 June 2020.

Darren Wallace (Lead), Christine Holland, Debbie Di Sisto and Matthew Steendam.
Audit & Risk Committee

Directors' report

For the financial year ended 30 June 2020

The Directors present their report on the company for the financial year ending 30 June 2020.

1. The Directors in office at any time during or since the end of the year are:

Christine Holland

Christine was appointed Director on 1 March 2018, Deputy Chair on 15 November 2018 and Chair on 21 November 2019. Christine's background in governance and as a Director is extensive, spreading over many structures and industry profiles, a Fellow with AICD and presently serving on the Boards of West Gippsland Healthcare Group and Baw Baw Latrobe LLEN, she is also a member of the Gippsland AICD Committee. Christine holds a Masters in Career Development and works as a Career Consultant. Christine is a member of the Audit and Risk Committee.

Grant Coulthard

Grant was appointed as a Director on 28 May 2015 and was elected Treasurer on 25 June 2015. Grant is an accountant and holds a Bachelor of Business, a Graduate Diploma (Education), a Graduate Certificate (Governance for Not for Profits) and completed the Gippsland Community Leadership Program in 2016. Grant is the lead of the Finance Committee, as well as a member of the Audit & Risk and Low Volume Market Committees. Grant resigned from the Board on Thursday 14 November 2019.

Matthew Steendam

Matt was appointed Director on 5 December 2019. Matt holds a Bachelor of Agricultural Science from the University of Melbourne, and prior to joining the family potato farming business to work, was an Agribusiness Relationship Manager with Rural Bank in Gippsland. This role encompassed client relationship management; undertaking business, financial, farming and cashflow analysis; and staff management. Matt also has a strong involvement with CFA, Thorpdale Recreation Reserve Committee of Management, Thorpdale Potato Festival and West Gippsland CMA Irrigator Reference Group. He is married with three young children and lives at Thorpdale on the family farm. Matt is a member of the Audit and Risk Committee.

David Balfour

David was appointed Director on 9 July 2019. David lives in Willow Grove and has been a local councillor for the Thompson and then the North Ward. David has extensive involvement in local community activities including meetings with local progress associations and town committees and a strong involvement with CFA, Landcare, Reserve Committees, School Councils, UDV and sporting clubs with a strong community connection. David is a member of the Youth Foundation and Marketing Committees.

Directors' report (continued)

1. The Directors in office at any time during or since the end of the year are (continued):

Libby Dummett

Libby was appointed Director on 24 August 2017. Libby has over 17 years experience in the not-for-profit, financial services, government and philanthropic sectors and is a currently part of the management team of Community Sector Banking. Libby holds a First-Class Honours Degree in Economics from Monash University and is a member of Australian Institute of Company Directors. Libby is also an independent director of Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) located in Gippsland Victoria. Libby is the Lead Director of the Youth Foundation as well the Marketing & Sponsorship Committees. Libby resigned from the Board on Thursday 5 March, 2020.

Debbie Di Sisto

Debbie was appointed Director on 1 August 2019. Debbie has lived in Trafalgar all of her life and attended both Trafalgar Primary & Trafalgar High School as a student. Debbie holds Certificates in Events Management, Retail Operations and Financial Services and currently works as an administration assistant for a local business in Trafalgar. Debbie has previously worked in the mining industry as a payroll administrator, retail industry in sales and banking industry as a customer service consultant. Debbie's husband is a dairy farmer and they live on their farm just out of Trafalgar. Debbie is a member of the Audit & Risk, Youth Foundation and Marketing Committees.

Darren Wallace

Darren was appointed Director on 10 October 2019. Darren Wallace is a local of Trafalgar, having lived all his life here, married with three children. Darren is currently an East Ward Councillor for Baw Baw Shire, having been elected in November 2016 as well as an active member of the Trafalgar community with links to the local fire brigade serving as Captain for 10 years, both school councils and the Trafalgar RSL. Darren holds a university graduate with a degree in spatial science (surveying) and a graduate diploma in geomatics (GIS) and a graduate and member of the Australian Institute of Company Directors. Darren has been employed in private industry, local government and currently the water industry within the asset management department managing the Geographical Information System (GIS) and spatial data of over \$1 billion of assets. Darren is the Lead Director of the Audit & Risk Committee.

Dianne Harrison

Di was appointed Director on 4 July 2019. Di is a retired lecturer, (Federation University, Gippsland Campus), where she taught undergraduate education students. Di had been teaching for almost 20 years and holds a Bachelor of Arts and Bachelor of Education (History and Indonesian Studies) and Master of Education (TESOL) and completed the Gippsland Community Leadership Program in 2010. Prior to teaching, Di held nursing qualifications in general, midwifery and neonatal nursing. Di has previously been a member of the Board and served as a Director from 2 November, 2010 until 28 February, 2015. Di held the positions of Chair of the Community Building Committee and Deputy Chairman from 2013 until her retirement from the Board. Di is the Lead Director of the Youth Foundation as well as the Marketing Committees.

Melanie Jinnette - Company Secretary

Melanie was appointed Company Secretary on 15 November 2018. Melanie completed an administration degree in 1992 after finishing VCE at Berwick Secondary College. She has continued to work in the administration field including working as office manager at StarFM and 3GG in Warragul. She also ran an event decorating company, Complete Occasions. Melanie works for the Department of Education in their Student Support Services branch and for Trafalgar and District Financial Services Ltd, providing administration support for the Board – involved with the Audit & Risk, Youth Foundation and Marketing Committees. Melanie resigned as Company Secretary on the Thursday 14 November, 2019.

Directors' report (continued)

1. The Directors in office at any time during or since the end of the year are (continued):

Claire Anderson – Company Secretary

Claire was appointed Company Secretary on 21 November 2019. Claire lives in the foothills of Yarragon and has worked for Trafalgar and District Financial Services Ltd from 2015, providing administration support for the Board. Claire is involved with the Audit & Risk, Youth Foundation and Marketing Committees.

Directors and officers have been in office since the start of the financial year to the date of the report, unless otherwise stated.

2. The principal activity of the company during the financial year was the management of a community bank.
3. The net profit after tax of the company for the financial year was \$235,137 (2019: \$69,065)
4. During the financial year the company continued its trading activities, the results of those operations were in line with projections.
5. There was no significant change in the state of the affairs on the company during the financial year.
6. No matters of circumstances have arisen since the end of the financial year which significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.
7. The Directors are not aware of any likely developments in the operation of the company or of any change in the expected results of those operations in future financial years.
8. No Indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.
9. No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company of all or any part of those proceedings.
10. The company was not a party to any such proceedings during the year.
11. The company's operation are not regulated by any significant environmental regulation under a law of the Commonwealth, or of a State or Territory.
12. 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 with a Director, a firm of which a Director is a member, or an entity in which a Director has a substantial financial interest other than the benefits disclosed in Note 7. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the accounts, or the fixed salary or an employee of the company.

Directors' report (continued)

13. During the Financial year, 13 meetings of Directors were held. Attendances by each Director were as follows:

Director	Director Since	Directors Meetings		
		Eligible to Attend	Number Attended	
Christine Holland	2018	13	13	
Grant Coulthard	2015	4	3	(resigned 14 November 2019)
Libby Dummett	2017	9	5	(resigned 5 March 2020)
Dianne Harrison	2019	13	12	
David Balfour	2019	11	9	
Debbie Di Sisto	2019	12	12	
Darren Wallace	2019	10	9	
Matt Steendam	2019	8	6	
Non-Director				
Melanie Jinnette	2018	4	2	(resigned 14 November 2019)
Claire Anderson	2019	9	8	

All Directors are widely experienced in the general business environment in which the company operates.

Auditors Independence Declaration

The Directors received the following declaration from the auditor of the company:

Kidmans Partners Audit Pty Ltd

Signed in accordance with a resolution of the Board of Directors.



Christine Holland
Chairman

Date: 25 September 2020

Auditor's independence declaration



Accountants and Advisors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Trafalgar & District Financial Services Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KIDMANS PARTNERS AUDIT PTY LTD

A handwritten signature in black ink, appearing to read 'John Petridis', written over a light grey rectangular background.

John Petridis
Director

Melbourne, 25 September 2020

Kidmans Partners Audit Pty Ltd

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Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
REVENUE			
Income from operations		1,052,371	943,859
Interest received		4,932	4,970
TOTAL REVENUE		1,057,303	948,829
EXPENSES			
Employee benefit expenses		508,889	524,594
Depreciation		18,314	13,794
Amortisation of franchise fee		13,184	13,719
General administration		99,504	101,067
Leasing costs		18,473	9,563
Audit services		4,700	4,500
Advertising and promotion		7,791	23,023
Marketing and sponsorships		67,926	42,823
Occupancy costs		24,033	38,982
TOTAL EXPENSES		762,814	772,065
PROFIT BEFORE MARKET DEVELOPMENT			
		294,489	176,764
Market Development Grants		15,000	25,000
Donation - CEF		-	(105,263)
PROFIT BEFORE INCOME TAX		309,489	96,501
Income tax expense/(benefit)	3	74,352	27,436
PROFIT/(LOSS) FOR THE YEAR		235,137	69,065
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		235,137	69,065
Earnings per share			
- basic earnings per share (cents)		44.13	12.96
- diluted earnings per share (cents)		44.13	12.96

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	480,261	252,471
Trade and other receivables		104,206	68,234
Tax Assets		-	6,629
Other		3,043	2,294
TOTAL CURRENT ASSETS		587,510	329,628
NON-CURRENT ASSETS			
Intangibles	14	44,861	58,045
Property, Plant & Equipment	2	648,962	646,555
Right-of-Use Asset	7	69,924	-
Deferred Tax Asset	3	16,512	13,663
TOTAL NON-CURRENT ASSETS		780,259	718,263
TOTAL ASSETS		1,367,769	1,047,891
LIABILITIES			
CURRENT LIABILITIES			
Interest Bearing Liabilities		20,110	6,761
Trade and other payables		62,291	53,848
Tax Liabilities		37,610	-
Provisions	4	49,613	42,028
TOTAL CURRENT LIABILITIES		169,624	102,637
NON-CURRENT LIABILITIES			
Interest Bearing Liabilities		54,460	-
Deferred Tax Liability	3	17,775	9,201
Provisions	4	7,530	4,856
TOTAL NON-CURRENT LIABILITIES		79,765	14,057
TOTAL LIABILITIES		249,389	116,694
NET ASSETS		1,118,380	931,198
EQUITY			
Contributed Equity		532,850	532,850
Accumulated Profits	10	585,530	398,348
TOTAL EQUITY		1,118,380	931,198

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2020

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019	532,850	398,348	931,198
Total comprehensive income for the year	-	235,137	235,137
Transactions with owners in their capacity as owners:			
Shares issued during the year	-	-	-
Dividends recognised for the year	-	(47,955)	(47,955)
balance at 30 june 2020	532,850	585,530	1,118,380
Balance at 1 July 2018	532,850	377,239	910,089
Total comprehensive income for the year	-	69,065	69,065
Transactions with owners in their capacity as owners:			
Shares issued during the year	-	-	-
Dividends recognised for the year	-	(47,956)	(47,956)
Balance at 30 June 2019	532,850	398,348	931,198

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2020

	Notes	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,016,399	940,995
Payments to suppliers and employees		(699,548)	(839,319)
Interest received		4,932	4,970
GST Paid		8,830	1,667
Income tax paid		(24,388)	(47,947)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6	306,225	60,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Franchise Fee Renewal		-	(65,919)
Payments for property, plant and equipment		(20,721)	(2,343)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(20,721)	(68,262)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from lease liabilities		7,981	
Repayment of lease liabilities		(15,360)	-
Repayment of borrowings		(2,379)	(40,529)
Dividends paid		(47,956)	(47,956)
NET CASH USED IN FINANCING ACTIVITIES		(57,714)	(88,485)
Net increase/(decrease) in Cash Held		227,790	(96,381)
Cash and Cash Equivalents at beginning of year		252,471	348,852
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	480,261	252,471

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2020

Note 1. Summary of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Trafalgar & District Financial Services Limited ("the company") as an individual entity. The company is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based in historical costs and does not take into account changing money values, or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied.

(a) Basis of preparation

These general purpose financial statements for the year reporting period ended 30 June 2020 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This financial report is intended to provide users with an update on the latest annual financial statements of the company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the company for the year ended 30 June 2020, together with any public announcements made during the following year.

(b) Significant 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.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the incorporated association based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the incorporated association unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(c) 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(c) Accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted (continued)

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

AASB 16 Leases

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated.

	30-Jun-20 \$
Operating lease commitments as at 1 July 2019 (AASB 117)	94,956
Operating lease commitments discount based on the weighted average Incremental borrowing rate of 5% (AASB 16)	(15,094)
Accumulated depreciation as at 30 June 2020 (AASB 16)	(9,938)
Right-of-use assets (AASB 16)	69,924
Lease liabilities - current (AASB 16)	(15,728)
Lease liabilities - non-current (AASB 16)	(54,460)
	(70,188)

(d) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost less where applicable any accumulated depreciation.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

The carrying amount of fixed assets is reviewed annually to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets, employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining the recoverable amounts.

The depreciable amount of all fixed assets are depreciated using the diminishing value method over their useful lives to the company commencing from the time the asset is held ready for use.

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

- Plant and Equipment 5% - 100%

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(e) Right-of-use Assets

The 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. 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.

(f) 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.

(g) Revenue

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.

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.

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of a cost of acquisition of the asset or as part of an item if the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component arising from investing and financing activities, which is recoverable from, or payable to the Australian Taxation Office, are classified as operating activities

(i) Intangibles

The franchise fee is valued in the accounts at cost and is being amortised over a period of five years. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer recoverable is written off.

(j) Comparative figures

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

(k) Leases (prior to 30 June 2019)

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits associated to ownership.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(k) Leases (prior to 30 June 2019) (continued)

Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognized directly in the net profit.

(l) Leases (from 1 July 2019)

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.

(m) 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 amounts expected to be paid in respect of services provided by employees up to the reporting date.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

(n) Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects either the accounting profit nor taxable profit or loss: and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business and, at the time of the transaction, effects neither the accounting profit nor taxable profit or loss: and

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

(n) Income Tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that are enacted or substantially enacted at the reporting date.

(o) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting year for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Provision for impairment of inventories

The Entity performs an annual assessment of the assets valuation to determine if there is a requirement for an Provision for Impairment. The provision for impairment assessment requires a degree of estimation and judgement.

(q) 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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

	2020 \$	2019 \$
Note 2. Property, plant and equipment		
Land & Buildings at Cost	478,212	478,212
Plant and Equipment at Cost	354,023	339,381
Less Accumulated Depreciation	(183,273)	(171,038)
	648,962	646,555
Reconciliation of written-down value of Property, Plant & Equipment		
Balance at beginning of year	646,555	658,006
Additions	14,641	2,343
Depreciation Expense	(12,234)	(13,794)
Balance at end of year	648,962	646,555

Notes to the financial statements (continued)

	2020 \$	2019 \$
Note 3. Income tax expense		
The prima facie tax payable in operating profit is reconciled to the income tax expense as follows:		
Prima facie tax payable on accounting profit at 27.50%	85,110	26,538
Add:		
Non-deductible permanent differences		
Non-deductible entertainment	523	898
Less:		
Non-assessable permanent differences		
ATO Cash Flow Boost	(11,281)	
Income Tax Expense	74,352	27,436
Timing differences deductible when incurred		
Provision for holiday pay, accrued and prepaid expenses	1,414	511
Provision for long service leave	1,435	1,573
	2,849	2,084
Movement in Deferred Tax Liability	2,358	87
Deferred Tax Asset		
Accrued Expenses	798	770
Provision for Holiday Pay	6,206	4,820
Provision for Long Service Leave	9,508	8,073
	16,512	13,663
Deferred Tax Liabilities		
Accrued Interest	837	631
Depreciation - Acc v Tax Difference	16,866	8,570
Rent Expense	72	
	17,775	9,201

Note 4. Provisions

Current

Annual Leave	22,569	17,527
Long Service Leave	27,044	24,501
	49,613	42,028

Non - Current

Long Service Leave	7,530	4,856
Average number of employees	9	9

Note 5. Cash and cash equivalents

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

Cash at Bank	480,261	252,471
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Notes to the financial statements (continued)

	2020 \$	2019 \$
Note 6. Cash flow information		
Reconciliation of cash flow from operations with operating profit / (loss)		
Operating profit after tax	235,137	69,065
Non-operating Cash flows in operating results		
Depreciation	18,314	13,794
Amortisation	13,184	13,719
Loss on Sale of NCA	-	-
Changes in Assets and Liabilities		
Decrease (Increase) in receivables	(35,972)	(2,864)
(Decrease) / Increase in payables	7,258	(22,746)
(Decrease) / Increase in provisions	10,259	7,010
(Decrease) / Increase in tax payable	52,320	(15,505)
Decrease / (Increase) in deferred tax assets	(2,849)	(2,423)
Increase in deferred tax liabilities	8,574	316
Net cash provided by operating activities	306,225	60,366

Note 7. Right-of-use-asset

Right-to-Use Asset	76,004	-
Less: Accumulated Depreciation	(6,080)	-
	69,924	-

Note 8. Related party transactions

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

No transactions with related entities.

Note 9. Segment reporting

The company operates in the service sector where it conducts a Community Bank in Trafalgar, Yarragon, Willow Grove, Thorpdale, Narracan, Erica, Rawson, Walhalla and Tanjil South of Gippsland in Victoria.

	2020 \$	2019 \$
Note 10. Accumulated profits		
Accumulated profit at the beginning of the financial year	398,348	377,239
Net profit after income tax	235,137	69,065
Less dividends paid	(47,955)	(47,956)
Accumulated profit at the end of the financial year	585,530	398,348

Note 11. Dividends paid on ordinary shares

Franked dividends (9 cents per share for 2020, 9 cents per share for 2019)	47,955	47,956
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Notes to the financial statements (continued)

	2020 \$	2019 \$
Note 12. Franking credit balance		
Franking account balance as at the end of the financial year	243,937	236,450

Note 13. Company details

The registered office of the company is 82 Smith Street, WARRAGUL Victoria

The principal place of business is 107b Princes Highway, Yarragon, Victoria

	2020 \$	2019 \$
Note 14. Intangibles		
Franchise Fee at cost	65,919	65,919
Less Amortisation	(21,058)	(7,874)
	44,861	58,045

Note 15. Earnings per share

Earnings used in calculating basic and diluted earnings per share	235,137	69,065
Weighted average number of shares for basic and diluted earnings per share	532,850	532,850

Note 16. Financial instruments

	Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing	
	2020	2019	2020	2019	Within 1 Year		1 to 5 Years		2020	2019
					2020	2019	2020	2019		
Financial Assets										
Cash at Bank	1.98%	2.30%	280,583	70,980	199,678	181,495	-	-		
Receivables									104,206	68,234
Total Financial Assets			280,583	70,980	199,678	181,495	-	-	104,206	68,234
Financial Liabilities										
Loan			-	-						
Payables	13.99%	13.99%	523	414					62,406	9,627
Occupancy lease	5.00%				15,728		54,460			
Chattel Mortgage Liabilities	7.4%	7.4%			3,859	6,351				
Total Financial Liabilities			523	414	19,587	6,351	54,460	-	62,406	9,627

Notes to the financial statements (continued)

Note 16. Financial instruments (continued)

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(c) Net Fair Value

For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in a standardised form. Financial assets where the carrying amount exceeds net fair values have been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and Notes to the Financial Statements.

Note 17. 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 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 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.

Note 18. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while the results for the company have been financially positive up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 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.

Directors' declaration

The Directors of Trafalgar & District Financial Services Limited, declare that:

- (1) The financial statements and notes, as set out on pages 16 to 28 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standards; and
 - (b) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date.
- (2) In the Directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors



Christine Holland
Director

Dated this 25 day of September 2020

Independent audit report



Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR & DISTRICT FINANCIAL SERVICES LIMITED

Opinion

We have audited the financial report of Trafalgar & District Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, 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 financial report of Trafalgar & District Financial Services Limited has been prepared in accordance with the *Corporations Act 2001*, including:

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

Basis for opinion

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR & DISTRICT FINANCIAL SERVICES LIMITED (CONTINUED)

In preparing the financial report, 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.

The directors are responsible for overseeing the Company's financial reporting process.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Kidmans Partners Audit Pty Ltd
ABN: 46 143 986 841

A handwritten signature in blue ink, appearing to read 'John Petridis'.

John Petridis
Director

Melbourne, 25 September 2020

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