



2021

Annual Report

**Trafalgar & District Financial
Services Limited**

ABN 86 102 573 222

Community Bank · Trafalgar & District

Contents

Chairman's report	2
Manager's report	4
Bendigo and Adelaide Bank report	6
Audit and Risk Committee report	7
Marketing and Sponsorship Committee report	8
Directors' report	10
Auditor's independence declaration	14
Financial statements	15
Notes to the financial statements	19
Directors' declaration	26
Independent audit report	27

Chairman's report

For year ending 30 June 2021



The Board has also been able to approve over \$40,000 in sponsorships, donations and sponsored advertising; and over \$45,000 in community grants, to benefit and assist various community organisations. We continue to support young people through the provision of tertiary scholarships, having committed \$10,000 to support students this year.

Last year when I presented the Chair's report at a virtual AGM the thought of doing so again in 2021 was not even a consideration. However, in this uncertain period it has proved difficult to organise events any other way to avoid last minute disruption.

Once again, I am pleased to be able to present the Annual Report for Trafalgar and District Financial Services Limited (TDFS). Despite the impact of COVID-19, our branch has continued to perform exceptionally well. Before proceeding I will recognise that many in our community have not been so fortunate. The effects of the pandemic and the restrictions and lockdowns have caused a great deal of anguish to individuals, families and businesses. The Walthalla community was further impacted by a massive weather event. Our thoughts are with our community, and we send our thoughts and best wishes.

Working through the present challenges, our very committed staff under the leadership of Branch Manager, Phil Drummond, have continued to perform at an exceptional level. This result has been achieved through the delivery of a consistently high-level of customer service and the ability to identify the right products to match the needs of clients. The Branch Manager's report, presented by Torina Johnston who was appointed by the Board after Phil Drummond announced his retirement, provides the details of the achievements of the branch.

The low interest rates and the current challenging economic conditions could impact on the future performance of the branch. This is a situation being monitored carefully by the Board and the Branch Manager. The Board continues to understand the anxiety placed on staff during COVID-19 lockdowns with the uncertainty these events bring. The need to continue to attend their workplace as well as managing home-schooling and impacts of restrictions does put staff under undue pressure. We are satisfied that both Phil and Torina have put the best possible care plans in place to look after and protect both staff and customers.

The Board have farewelled Phil on his retirement and paid tribute to his immense contribution to Community Bank Trafalgar & District. The growth in value is significant. His work has been tireless. We again acknowledge and thank him for his commitment and success and wish him well for the future. At the same time, we welcomed Torina who has brought a great deal of new energy to the branch. We thank Christie, Gavin, Tiffany and Shantelle for their tireless work and excellence in customer service. We also belong to a very loyal community who continue to support our branch and we thank them for that.

Chairman's report (continued)

As well as the efforts of staff, the support of customers and shareholders has delivered exceptional results. It is my pleasure to announce to shareholders that we are able to pay a fully franked dividend of 10c per share this year. The dividend will be paid on 30 November 2021. The Board has also been able to approve over \$40,000 in sponsorships, donations and sponsored advertising; and over \$45,000 in community grants, to benefit and assist various community organisations. We continue to support young people through the provision of tertiary scholarships, having committed \$10,000 to support students this year.

There has been a movement in Board support staff with Rosie Carroll appointed Company Secretary. We thank Rosie for her high level of professionalism and her knowledgeable support for myself and the Board. Stephanie Paul left the position of Marketing & Sponsorship Coordinator during the year to give more time to her final year at university. We wish her well for her future career. The position will be filled during 2021 as the Board moves into a strategic planning phase.

We value working with Bendigo and Adelaide Bank Limited who are one of Australia's largest retails banks, often voted the most trusted and with whom we partner to continue to improve the customer service experience. We thank them for their support. The appointment of Kendall Beattie as Gippsland East Regional Manager is very welcomed. Kendall has provided immense support for Torina, myself and the TDFS Board and we thank him for his time and wise counsel.

Last, but certainly not least, I thank my fellow Board Directors for their ongoing support and commitment to the values and objectives of TDFS. It has been a year of change which brings challenge as we review our governance and decision-making practices. I particularly acknowledge Debbie Di Sisto for her immense support to the Board and myself. She has gone above and beyond in what she has given to the company. Matt Steendam, Tony Staley, Darren Wallace and David Balfour have all given their valuable time to the Board and played important roles in ensuring the ongoing success of TDFS and Community Bank of Trafalgar & District. Thank you all for what you give.

It is with confidence that we progress into another year despite challenges that may 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
Board Chairman

Manager's report

For year ending 30 June 2021



The strength of Community Bank Trafalgar & District is built on the back of the support provided by our customers, local businesses, community groups and shareholders and I thank everyone of you for your ongoing support.

I'm delighted to be presenting my first report as Branch Manager for the year ending 30 June 2021. Over the past 12 months we continued to see positive growth in our business, support of some great local organisations and community groups, all whilst the impact of COVID-19 continued to be felt.

We ended the year with the branch increasing its balance sheet by \$21.862 million to finish the year with an overall balance of \$180.080 million of funds under management. This is a fantastic result given the challenging and competitive market that we continue to find ourselves in and the continued constraints that we've had to operate under.

The branch has gone from strength to strength with its results over the past 12 months. Our lending book grew by \$6.403 million to a total of \$77.151 million, deposits grew by \$14.311 million to a total of \$95.109 million, whilst other business grew by \$1.084 million and now sits at \$7.820 million. To put these results into context the branch achieved 440.69% of its lending growth target that was set at the start of the financial year and 872.98% of the deposit growth target.

These results are testament to the dedication, enthusiasm and outstanding customer service that the staff have provided over the past 12 months. A special thank you and congratulations go to Phil Drummond (retiring Branch Manager), Gavin Duffy (Customer Relationship Manager), Christie Ashe (Customer Relationship Officer), and Tiffany Kokshoorn and Shantelle Webb (Customer Service Officers) for the tremendous results.

I also extend my thanks to Christine and the Board of Directors who continue to volunteer their time to ensure that the company remains strong. They do this with minimal acknowledgement, and they need to be commended for the support and commitment that they provide to the company.

We are very proud of the results that Community Bank Trafalgar & District has achieved in its 17 years of operation. Through our endeavours we have managed to invest over \$1.6 million dollars back into our community so far. The strength of Community Bank Trafalgar & District is built on the back of the support provided by our customers, local businesses, community groups and shareholders and I thank everyone of you for your ongoing support.

To ensure our continued success in the years to come, we encourage our shareholders, community sponsorship/grant recipients, friends, families and neighbours to consider moving their banking to Community Bank Trafalgar & District. The contribution that Community Bank Trafalgar & District is making is a great reason to bring your everyday banking, lending and superannuation business over to us. We also stand by our outstanding customer service and our extensive range of competitive products that we have available. The Trafalgar team and I would love to show you how easy it can be to change to a bank you can feel proud of and where your banking can contribute to the growth and prosperity of our community.

Manager's report (continued)

On a final note, I would like to acknowledge the enormous contribution that Phil Drummond made to the branch and the local community over the past 10 years. Phil has truly earned a wonderful retirement after providing a high level of help, guidance and advice to our customers, community and staff throughout his career. Phil has created a fantastic legacy, which I am committed to continue into the future.

On behalf of Community Bank Trafalgar & District, we hope to welcome you in branch soon and look forward to another successful year ahead.

Torina Johnston
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

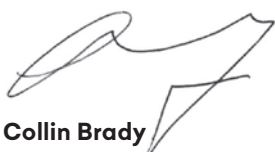
Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each another and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.



Collin Brady
Head of Community Development

Audit and Risk Committee report

For year ending 30 June 2021

The 2020/21 financial year saw the Audit and Risk Committee consolidate its operating rhythm following change in the prior financial year as to the sub-committee structure of Trafalgar and District Financial Services Limited (TDFS) and the merging of three separate committees to form the Audit and Risk Committee. This new structure is working well and has allowed the Audit and Risk Committee to undertake its functions in a robust and effective manner, ensuring good governance of TDFS is maintained.

The Audit and Risk Committee is responsible for overseeing: the financial performance of the company; administration of the Low Volume Market, which is the share ownership and trading in TDFS; the risk register; and information technology.

The Audit and Risk Committee met on five occasions during the 2020/21 financial year. The Committee has undertaken a review of numerous policies, which provide the parameters for good governance within TDFS. Meanwhile, a focus has been maintained on monitoring the risk register which is used to monitor and manage risks to the company.

Early in the 2020/21 financial year, RM Bookkeeping was appointed to undertake the bookkeeping/finance officer role and duties within TDFS. RM Bookkeeping is a locally based small business and the contribution they have made to TDFS and particularly the Audit and Risk Committee has been very beneficial. Reagan of RM Bookkeeping has undertaken the work for TDFS in a professional, diligent and conscientious manner.

RSD Registry, a part of Lead Advisory Services P/L was appointed in the prior financial year to manage our Low Volume Market share registry, and this has continued to work very well. The service provided by RSD Registry to TDFS shareholders and the TDFS Board has allowed for efficient and professional provision of services regarding the Low Volume Market share registry.

If you would like to register for the purchase, sale or transfer of TDFS shares, please contact shares@rsdregistry.com.au or via telephone 03 5445 4222. RSD Registry has a portal available which allows shareholders to access information regarding the shareholding such as tax statements and share listings, and dividend statements.

As at 30 June 2021, there were 309 shareholders with a total of 532,850 shares.

Matthew Steendam (Lead), Debbie Di Sisto and Anthony Staley
Board Audit and Risk Committee

Marketing and Sponsorship Committee report

For year ending 30 June 2021

The Marketing and Sponsorship 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.

Sponsorship

The Branch Manager and staff members are invited to attend committee meetings and their input and contribution is highly valued. An important focus is for organisations in receipt of sponsorship funding to actively promote the bank to build the business. Unfortunately, opportunities to tell our Community Bank story at sponsorship presentation evenings were limited due to COVID-19 restrictions.

The following tables outline sponsorships and grants paid to organisations during the 2020/21 financial year, as approved by the Board:

Organisation	Purpose	Amount
Thorpdale and District Bowling Club	Purchase of drinks fridge	1,000.00
Trafalgar Park Bowls	Access Ramp	820.00
Trafalgar Primary School Students	School Prize Winners	50.00
Yarragon Bowling Club	Club Room Extension Works	4,545.45
Trafalgar Tennis Club	Junior Tennis Program	1,700.00
Trafalgar Fire Brigade	Training Rescue Dummies	2,655.00
Trafalgar High School	Water Week Program	1,000.00
Baw Baw Sustainability Network	Creative Harvest Event	500.00
Trafalgar High School Students	School Prize Winners	150.00
Tanjil Valley Arts Show	Fund 'Best Portrayal of Tanjil Valley' award and support art show expenses	2,500.00
Trafalgar Polocrosse Club	Support Women's Competition	2,500.00
Trafalgar Holden Museum	Contribution to defibrillator machine	2,200.00
Willow Grove Cricket Club	Contribution to club upgrade	5,000.00
Trafalgar Golf Club	Contribution to clubhouse refurbishment	11,000.00
Total Sponsorships		\$35,620.45
Community Investment Grant Program		
Organisation	Purpose	Amount
Yarragon Bowling Club	Clubroom Extension	35,454.55
Baw Baw Shire Council	Ride Nation Project	10,000
Total Community Grants		\$45,454.55

The Board is currently undertaking a review of its Sponsorship and Grants Program to determine how to best maximise benefits to the community and the branch.

Marketing and Sponsorship Committee report (continued)

Community Bank Trafalgar & District Scholarship

The Board continued to support students in their chosen tertiary studies, awarding a total of \$10,000.00 in 2020/21. The Community Bank Trafalgar & District Scholarship Program will be open for applications in 2021/22.

Marketing

Stephanie Paul, Marketing and Sponsorship Coordinator, assisted the Marketing and Sponsorship Committee with marketing and sponsorship related tasks, such as producing media, photography, assessing and administering sponsorship and grant applications, and public and customer relations. Stephanie resigned in April 2021, and we thank her for her contribution.

Increasing social media presence has been a strong focus to promote the branch and to build banking business. Social media, community outreach, and local newspapers were used extensively to promote positive stories using real people and projects to create a closer link with our community.

David Balfour (Committee Chair), Darren Wallace and Stephanie Paul (Marketing and Sponsorship Coordinator)

Directors' report

For the financial year ended 30 June 2021

The Directors present their report on the Company for the financial year ending 30 June 2021.

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 Community Investment Committee.

Anthony Staley

Tony was appointed to the Board on 1 October 2020. Tony is a recently retired accountant, with 30 years' experience in senior roles within the electricity and water sectors. Tony has strong financial and governance skills which have been developed through his previous roles, particularly as Chief Finance Officer and Corporation Secretary of a large local Statutory Authority. Tony has also over 20 years experience on School Councils and is currently serving as a community member of Trafalgar High's School Council. Tony has a Bachelor of Business and a Graduate Diploma of Applied Corporate Governance. He holds Fellow membership status with both CPA Australia and the Governance Institute and is a Graduate member of AICD. Tony is a member of the Audit and Risk Committee.

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 Chair 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 Chair of the Community Investment Committee.

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 Committee.

Directors' report (continued)

1. The directors in office (continued)

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 \$1B of assets. Darren is a member of the Community Investment 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 2nd November, 2010 until 28 February, 2015. Di held the position of Chair of the Community Investment Committee until her resignation from the Board on 1 October 2020.

Wayne Vernon

Wayne was appointed to the Board of TDFS on 25 August 2021. Wayne is a regenerative farmer based in Willow Grove, but has devoted the majority of his career to regulating major hazard industries. He has experience in strategy development, business planning, programme delivery, and the development and auditing of management systems. Wayne has worked internationally in the development of risk-based regulatory systems, and has extensive experience in the management of health and safety. He holds a Masters Degree in Electrical and Electronic Engineering, and is a Fellow of both Engineers Australia and the Institution of Engineering and Technology. Wayne is a member of the Audit and Risk Committee.

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 was involved with the Audit & Risk, Youth Foundation and Marketing Committees. She resigned as Company Secretary on 2 July 2020.

Michelle Roberts - Company Secretary

Michelle was Company Secretary for the period 15 September 2020 until 19 March 2021. Michelle is an experienced Company Secretary, having previously held similar positions, is a member of AICD and has previously worked in the banking sector.

Rosie Carroll - Company Secretary

Rosie was appointed Company Secretary on 16 March 2021. Rosie is an experienced Executive Assistant and Company Secretary, who is currently employed as an Executive Assistant to a CEO and Board Secretary of a large, charitable not for profit health service provider, and has previous experience working in the legal sector. Rosie has a Bachelor of Business.

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 \$157,322 (2020: \$235,137)
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.

Directors' report (continued)

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 8. 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.
13. During the Financial year, 11 meetings of directors were held. Attendances by each director were as follows:

	Directors Meetings			
	Director Since	Eligible to Attend	Number Attended	
Director				
Anthony Staley	2020	8	8	(Appointed 01/10/2020)
Christine Holland	2018	11	10	
Dianne Harrison	2019	4	4	(Resigned 01/10/2020)
David Balfour	2019	11	10	
Debbie Di Sisto	2019	11	11	
Darren Wallace	2019	11	9	
Matt Steendam	2019	11	10	
Wayne Vernon	2021	0	0	(Appointed 25/08/2021)
Non-Director				
Claire Anderson	2019	1	1	(Resigned 02/07/2020)
Rosie Carroll	2021	3	3	(Appointed 16/03/2021)
Michelle Roberts	2020	5	5	(Appointed 15/09/2020) (Resigned 19/03/2021)

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

Directors' report (continued)

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
Chair

Date: 29 September 2021

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 2021 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, 29 September 2021

Kidmans Partners Audit Pty Ltd

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Victoria, Australia 3103

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Victoria, Australia 3103

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Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
REVENUE			
Income from operations		978,709	1,011,351
Government grants		29,568	41,020
Interest received		767	4,932
TOTAL REVENUE		1,009,044	1,057,303
EXPENSES			
Employee benefit expenses		496,026	508,889
Depreciation		24,831	18,314
Amortisation of franchise fee		13,130	13,184
General administration		117,792	99,504
Leasing costs		17,524	18,473
Audit services		4,950	4,700
Advertising and promotion		20,956	7,791
Sponsorship, grants and donations		48,165	67,926
Occupancy costs		22,879	24,033
TOTAL EXPENSES		766,253	762,814
PROFIT BEFORE MARKET DEVELOPMENT		242,791	294,489
Market Development Grants		-	15,000
Contribution - CEF		(26,316)	-
PROFIT BEFORE INCOME TAX		216,475	309,489
Income tax expense/(benefit)	3	49,255	74,352
PROFIT/(LOSS) FOR THE YEAR		167,220	235,137
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		167,220	235,137
Earnings per share (cents per share)			
- basic earnings per share (cents)		31.38	44.13
- diluted earnings per share (cents)		31.38	44.13

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	598,702	480,261
Trade and other receivables		74,765	104,206
Tax Assets		10,987	-
Other		720	3,043
TOTAL CURRENT ASSETS		685,174	587,510
NON-CURRENT ASSETS			
Intangibles	14	31,731	44,861
Property, Plant & Equipment	2	637,570	648,962
Right-of-Use Asset	7	58,891	69,924
Deferred Tax Asset	3	17,797	16,512
TOTAL NON-CURRENT ASSETS		745,989	780,259
TOTAL ASSETS		1,431,163	1,367,769
LIABILITIES			
CURRENT LIABILITIES			
Interest Bearing Liabilities		14,661	20,110
Trade and other payables		65,167	62,291
Tax Liabilities		-	37,610
Provisions	4	63,886	49,613
TOTAL CURRENT LIABILITIES		143,714	169,624
NON-CURRENT LIABILITIES			
Interest Bearing Liabilities		49,853	54,460
Deferred Tax Liability	3	14,423	17,775
Provisions	4	1,513	7,530
TOTAL NON-CURRENT LIABILITIES		65,789	79,765
TOTAL LIABILITIES		209,503	249,389
NET ASSETS		1,221,660	1,118,380
EQUITY			
Contributed Equity		532,850	532,850
Accumulated Profits	10	688,810	585,530
TOTAL EQUITY		1,221,660	1,118,380

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2021

	Contributed Equity \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2020	532,850	585,530	1,118,380
Total comprehensive income for the year	-	167,220	167,220
Transactions with owners in their capacity as owners:			
Shares issued during the year	-	-	-
Dividends recognised for the year	-	(63,940)	(63,940)
Balance at 30 June 2021	532,850	688,810	1,221,660
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

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,008,150	1,016,399
Payments to suppliers and employees		(719,559)	(699,548)
Interest received		767	4,932
GST Paid		7,974	8,830
Income tax paid		(102,489)	(24,388)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6	194,843	306,225
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,406)	(20,721)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,406)	(20,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from lease liabilities		8,484	7,981
Repayment of lease liabilities		(15,654)	(15,360)
Repayment of borrowings		(2,886)	(2,379)
Dividends paid		(63,940)	(47,956)
NET CASH USED IN FINANCING ACTIVITIES		(73,996)	(57,714)
Net increase/(decrease) in Cash Held		118,441	227,790
Cash and Cash Equivalents at beginning of year		480,261	252,471
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	598,702	480,261

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

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 2021 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 2021, 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 Company 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 Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

(c) Accounting policies

The same accounting policies and methods of computation have been followed in this financial report as were applied to prior financial statements

These policies have been consistently applied to all the years presented, unless otherwise stated.

(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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(d) Property, Plant and Equipment (continued)

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%

(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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(k) Leases

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.

(l) 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.

(m) 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:

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.

- 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
- 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.

(n) 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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(o) 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.

(p) 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.

	2021 \$	2020 \$
2. Property, plant and equipment		
Land & Buildings at Cost	478,212	478,212
Plant and Equipment at Cost	356,429	354,023
Less Accumulated Depreciation	(197,071)	(183,273)
	637,570	648,962
Reconciliation of written-down value of Property, Plant & Equipment		
Balance at beginning of year	648,962	646,555
Additions	2,406	14,641
Depreciation Expense	(13,798)	(12,234)
Balance at end of year	637,570	648,962

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 26%	56,284	85,110
Add:		
Non-deductible permanent differences		
Non-deductible entertainment	271	523
Less:		
Non-assessable permanent differences		
ATO Cash Flow Boost	(6,399)	(11,281)
Add:		
Adjustment for change in tax rate	901	-
Income Tax Expense	49,255	74,352
Timing differences deductible when incurred		
Provision for holiday pay, accrued and prepaid expenses	1,125	1,414
Provision for long service leave	1,061	1,435
	2,186	2,849
Movement in Deferred Tax Liability	(2,011)	2,358

Notes to the financial statements (continued)

	2021 \$	2020 \$
3. Income tax expense (continued)		
Deferred Tax Asset		
Accrued Expenses	793	798
Provision for Holiday Pay	6,954	6,206
Provision for Long Service Leave	10,050	9,508
	17,797	16,512
Deferred Tax Liabilities		
Accrued Interest	187	837
Depreciation - Acc v Tax Difference	12,463	16,866
Rent Expense	1,773	72
	14,423	17,775

4. Provisions

Current		
Annual Leave	26,745	22,569
Long Service Leave	37,141	27,044
	63,886	49,613
Non - Current		
Long Service Leave	1,513	7,530
Average number of employees	8	9

5. Cash & 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	598,702	480,261
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6. Cash flow information

Reconciliation of cash flow from operations with operating profit / (loss)		
Operating profit after tax	167,220	235,137
Non-operating Cash flows in operating results		
Depreciation	24,831	18,314
Amortisation	13,130	13,184
Loss on Sale of NCA	-	-
Changes in Assets and Liabilities		
Decrease / (Increase) in receivables	29,441	(35,972)
(Decrease) / Increase in payables	5,843	7,258
(Decrease) / Increase in provisions	8,256	10,259
(Decrease) / Increase in tax payable	(38,300)	52,320
Decrease / (Increase) in deferred tax assets	(1,285)	(2,849)
(Increase) / Decrease in deferred tax liabilities	(3,352)	8,574
Net cash provided by operating activities	205,784	306,225

Notes to the financial statements (continued)

	2021 \$	2020 \$
7. Right-of-use-asset		
Right-to-Use Asset	76,004	76,004
Less: Accumulated Depreciation	(17,113)	(6,080)
	58,891	69,924

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.

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.

	2021 \$	2020 \$
10. Accumulated profits		
Accumulated profit at the beginning of the financial year	585,530	398,348
Net profit after income tax	167,220	235,137
Less dividends paid	(63,940)	(47,955)
Accumulated profit at the end of the financial year	688,810	585,530

11. Dividends paid on ordinary shares

Franked dividends	63,942	47,955
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(12 cents per share for 2021, 9 cents per share for 2020)

12. Franking credit balance

Franking account balance as at the end of the financial year	315,493	243,937
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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

14. Intangibles

Franchise Fee at cost	65,919	65,919
Less Amortisation	(34,188)	(21,058)
	31,731	44,861

15. Earnings per share

Earnings used in calculating basic and diluted earnings per share	167,220	235,137
Weighted average number of shares for basic and diluted earnings per share	532,850	532,850

Notes to the financial statements (continued)

16. Financial instruments

	Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing	
	2021	2020	2021	2020	Within 1 Year		1 to 5 Years		2021	2020
					2021	2020	2021	2020		
Financial Assets										
Cash at Bank	0.68%	1.98%	382,667	280,583	216,035	199,678	-	-		
Receivables									74,765	104,206
Total Financial Assets			382,667	280,583	216,035	199,678	-	-	74,765	104,206
Financial Liabilities										
Loan			-	-						
Payables	13.99%	13.99%	319	523					76,108	62,406
Occupancy lease	5.00%	5.00%			13,165	15,728	49,853	54,460		
Chattel Mortgage Liabilities	7.4%	7.4%			1,177	3,859				
Total Financial Liabilities			319	523	14,342	19,587	49,853	54,460	76,108	62,406

(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.

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.

Notes to the financial statements (continued)

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 2021, 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.

On 9 July 2021, after 10 years of valuable service, Branch Manager Mr Phil Drummond retired. Mr Drummond gave notice of intention to retire in February 2021 providing the Board with opportunity to find a suitable replacement before his departure. After a successful recruitment campaign the Board was pleased to appoint Ms Torina Johnston as the new Branch Manager. Ms Johnston commenced the position on 28 June 2021, enabling an appropriate handover period before Mr Drummond's departure.

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.

Directors' declaration

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

- (1) The financial statements and notes, as set out on pages 6 to 18 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 2021 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
Chair

Dated this 29th day of September 2021

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 2021, 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 2021 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 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, 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 black ink, appearing to read 'John Petridis', written over a light grey circular stamp.

John Petridis
Director

Melbourne, 29 September 2021

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