

Annual Report 2020

Tumbarumba Financial
Services Limited

Community Bank
Tumbarumba

ABN 82 121 010 839

Contents

Chairman's report	2
Managers' report	3
Bendigo and Adelaide Bank report	4
Directors' report	5
Auditor's independence declaration	7
Financial statements	8
Notes to the financial statements	12
Directors' declaration	22
Independent audit report	23

Chairman's report

For year ending 30 June 2020

On behalf of the Board of Directors I am pleased to provide an update on the progress of Community Bank Tumbarumba.

This year was our most challenging year to date with the bushfires and a global pandemic. I would like to commend the Board and staff on the resilience shown through this challenging time.

The net profit after income tax for 2019/20 of \$151,021 resulted in an increase 48%. Expenses increased by 3% and revenue increased by 9% to \$777,890 predominately due to the government subsidies received of \$56,772.

We are pleased to have fully repaid our commitment of \$125,000 to Snowy Valleys Council for our contribution to the upgrade of the Tumbarumba Sports Hub this financial year.

This year we saw Martin Sullivan retire from the Board as he and his family moved to Tasmania, I would like to thank Martin for his many years' service as a Director.

I would like to welcome Patrick Barrett to the Board of Directors. Patrick has been a practising lawyer in Tumbarumba for 10 years now and brings a great deal of knowledge with him.

The initial contribution of our shareholders cannot go without recognition, this year we also thank the shareholders for donating over \$2,576 in dividend payments to the bushfire recovery efforts of which Tumbarumba Financial Services Limited will be matching dollar for dollar. Tumbarumba Financial Services Limited have partnered with the Department of Primary Industries and Snowy Valleys Council to deliver a community initiative to aid in social connectedness while providing helpful information for the bushfire recovery.

We are pleased to be able to pay another dividend this financial year that will be franked.

Finally, I would like to thank the staff and Directors for their ongoing commitment to Community Bank Tumbarumba.



Colin Nagle
Chairman

Managers' report

For year ending 30 June 2020

The total business footings for the 2019/20 year resulted in a growth of \$10.814 million. All over a pleasing result given the events we saw the community endure.

The breakdown of business growth for 2019/20:

\$1,607,042 - Lending Growth

\$11,068,615 - Deposit Growth

\$ -1,319,948 - Other Business

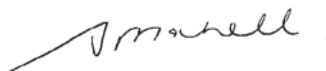
The growth of \$10.814 million is mainly attributed to deposit growth, this was predominantly from insurance payments due to the bushfires. The branch had over \$7,728million in lending settlements however due to amortisation and repayment of debt the growth result was \$1,607 million.

The staff's dedication throughout the bushfires and COVID-19 pandemic has been exceptional. The Board of Directors and staff have been involved with various recovery positions and volunteering efforts and will continue to support the community through the ongoing recovery.

As more and more customers decide to utilise digital services, we are confident that the branch structure will open further business growth opportunities in 2020/21. We would like to thank the community, customers, shareholders, staff, and Directors for their ongoing support.



Merissa Richmond
Branch Operations Manager



Samantha Machell
Mobile Relationship 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

Directors' report

The Directors present their report together with the accounts of Tumbarumba Financial Services Limited for the year ended 30 June 2020.

DIRECTORS

The names of directors at the date of this report are:

Colin James Nagle	Malcolm Antony Marshall	Daniel Murray Martin
Anthony Owen A'Beckett	Lachlan Ian MacKenzie	Julie Maree Giddings
Lloyd Mildren	Bruce Bertram Alleyn	Martin Joseph Sullivan
Patrick Barrett		

PRINCIPAL ACTIVITIES

The principle activities of the company during the course of the financial year were in facilitating Community Bank services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant change in the nature of these activities during the year.

RESULT

The net profit of the company for the financial year after provision for income tax was \$151,021 (2019 profit of \$101,955).

DIRECTOR'S MEETINGS

The company of Directors meetings and number of meetings attended by each of the Directors of the company during the financial year are:

Director	Number Attended	Number eligible to attend	Director	Number Attended	Number eligible to attend
Colin Nagle	8	9	Bruce Alleyn	6	9
Anthony A'Beckett	8	9	Martin Sullivan	6	9
Lloyd Mildren	6	9	Daniel Martin	7	9
Julie Giddings	5	9	Patrick Barrett	6	6
Malcolm Marshall	5	9	Lachlan MacKenzie	8	9

Directors' report (continued)

MATTERS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

DIRECTORS INTERESTS AND BENEFITS

Since the end of the previous financial year no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the accounts) because of a contract made by the company with the Director or with a firm of which the director is a member, or with a company in which the Director has a substantial interest.

AUDITOR'S INDEPENDENCE DECLARATION

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

Dated at Wagga Wagga this 30th day of September 2020

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, consisting of a stylized 'A' followed by a large loop and a horizontal line extending to the right.

Director

Auditor's independence declaration



■ PARTNERS:	
P.J. King	CA
A.P. Powell	CA
D.R. Uden	CA
R.K. Nicoll	CA
M.A. Smith	CA
D.T. Rosetta	CA

AUDITORS INDEPENDENCE DECLARATION

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

- (a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

John L Bush & Campbell
Chartered Accountants

David Rosetta
Partner

Wagga Wagga
30 September 2020

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Standards Legislation

Financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenues from ordinary activities	2	777,890	716,328
Employee Expenses		(341,322)	(341,752)
Advertising and promotion expense		(88,780)	(69,487)
Borrowing Costs		(6,856)	(10,328)
Occupancy and associated costs		(28,302)	(30,756)
Depreciation and amortisation		(30,428)	(29,583)
Systems costs		(21,681)	(21,763)
Administration expenses		(73,749)	(72,032)
Net Profit from ordinary activities before income tax expense		186,771	140,627
Income tax expense relating to ordinary activities	3	(35,750)	(38,672)
Net profit from ordinary activities after related income tax expense		151,021	101,955
Total comprehensive income for the year		151,021	101,955
Earnings per share	16	24.1 cents	16.3 cents

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash	5	133,801	14,316
Receivables	6	99,133	78,430
TOTAL CURRENT ASSETS		<u>232,934</u>	<u>92,746</u>
NON-CURRENT ASSETS			
Deferred Tax Asset	7	23,219	17,345
Property, plant & equipment	8	343,788	360,785
Intangible Assets	9	24,100	37,531
TOTAL NON-CURRENT ASSETS		<u>391,107</u>	<u>415,661</u>
TOTAL ASSETS		<u>624,041</u>	<u>508,407</u>
CURRENT LIABILITIES			
Payables	10	38,514	28,918
Provisions	11	28,223	17,419
Borrowings	12	32,586	37,485
TOTAL CURRENT LIABILITIES		<u>99,323</u>	<u>83,822</u>
NON CURRENT LIABILITIES			
Provisions	11	36,220	30,207
Borrowings	12	87,942	113,510
TOTAL NON CURRENT LIABILITIES		<u>124,162</u>	<u>143,717</u>
TOTAL LIABILITIES		<u>223,485</u>	<u>227,539</u>
NET ASSETS		<u>400,556</u>	<u>280,868</u>
EQUITY			
Issued Capital	13	593,875	593,875
Retained Profits	14	(193,319)	(313,007)
TOTAL EQUITY		<u>400,556</u>	<u>280,868</u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the accounts.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Issued Capital	Profits Reserve	Retained Earnings	Total
	\$	\$	\$	\$
Balance as at 1 July 2018	593,875	-	(383,629)	210,246
Profit / (loss) for the year	-	101,955	-	101,955
Dividends Paid	-	(31,333)	-	(31,333)
Transfers	-	(70,622)	70,622	-
Balance as at 30 June 2019	<u>593,875</u>	<u>-</u>	<u>(313,007)</u>	<u>280,868</u>
Profit / (loss) for the year	-	151,021	-	151,021
Dividends Paid	-	(31,333)	-	(31,333)
Transfers	-	(119,688)	119,688	-
Balance as at 30 June 2020	<u>593,875</u>	<u>-</u>	<u>(193,319)</u>	<u>400,556</u>

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the accounts.

Financial statements (continued)

STATEMENT OF CASH FLOWS

FOR THE YEAR TO 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		757,187	698,260
Cash payments in the course of operations		(575,901)	(617,681)
Net cash used by operating activities	15(ii)	<u>181,286</u>	<u>80,579</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant & equipment		-	-
Payments for property, plant & equipment		-	(39,990)
Net cash used in investing activities		<u>-</u>	<u>(39,990)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Dividends paid		(31,333)	(31,333)
Repayment of Loans		(30,468)	(31,463)
Net cash used in financing activities		<u>(61,801)</u>	<u>(62,796)</u>
Net increase / (decrease) in cash held		<u>119,485</u>	<u>- 22,207</u>
Cash at the beginning of the financial year		14,316	36,524
Cash at the end of the financial year	15(i)	<u><u>133,801</u></u>	<u><u>14,316</u></u>

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the accounts.

Notes to the financial statements

For year ended 30 June 2020

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies that have been adopted in the presentation of these financial statements are:

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

(b) Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

(c) Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(d) Revenue

Revenue from contracts with customers

The Company recognises revenue as the amount of the transaction price that is allocated to the performance obligation, excluding any amounts of variable consideration, when the performance obligation has been satisfied. All revenue is stated net of the amount of goods and services tax (GST).

Revenue calculation

The Company provides banking services under a franchise agreement. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services. The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived through the following calculation:

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

Notes to the financial statements (continued)

(d) Revenue (Continued)

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss. Products and services on which margin is paid include variable rate deposits and variable rate home loans.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home and contents. Examples of products and services on which ongoing commissions are paid include leasing and other products.

The Company has considered the treatment of trail commissions in accordance with AASB 15. It was concluded that there is no way to determine, with high probability, the present value of on-going commissions. For these reasons on-going trail commission is recognised when calculated and remitted to the Company.

Fee income

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

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

Notes to the financial statements (continued)

(f) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to the financial statements (continued)

(g) Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

(h) Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

(i) Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Comparative figures

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

(k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- Buildings and improvements	40 years
- Plant and equipment	2.5 - 40 years
- Motor vehicles	5 years

Notes to the financial statements (continued)

(l) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(m) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

(n) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

(o) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

(p) Provisions

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

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(q) Contributed equity

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

(r) Earnings per share

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

(s) New Accounting standards adopted during the year

AASB 16 Leases

AASB 16 took effect for the company on 1 January 2019, replacing AASB 117. The new standard removes the distinction between operating and finance leases, consequently the majority of leases will be recognised on the balance sheet. Under the new standard, an asset (the right to use the leased item) and a financial liability to for future rental payments are recognised. This standard did not have a material impact on the operations of the company.

Notes to the financial statements (continued)

	2020	2019
	\$	\$
NOTE 2 - REVENUE		
Operating activities		
Services Commissions	721,118	716,328
	<u>721,118</u>	<u>716,328</u>
Non-operating activities		
Government Subsidies	56,772	-
	<u>777,890</u>	<u>716,328</u>
NOTE 3 - INCOME TAX EXPENSE		
The prima facie tax or loss from ordinary activities before income tax is reconciled as follows:		
Operating Profit /(Loss)	186,771	140,627
Prima facie tax on loss from ordinary activities at 27.5%	51,362	38,672
Add/(less) tax effect of:		
	(15,612)	
- Restatement of deferred tax asset due to change in tax rate	-	-
Income tax expense	<u>35,750</u>	<u>38,672</u>
NOTE 4 - PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax has been determined after:		
(a) Expenses		
Amortisation of intangibles	13,431	13,431
Depreciation of non-current assets	16,997	16,152
Auditors Remuneration	10,950	10,500
NOTE 5 - CASH ASSETS		
Cash at bank	133,801	14,316
	<u>133,801</u>	<u>14,316</u>
NOTE 6 - RECEIVABLES		
Trade debtors	66,073	78,112
Sundry Debtors	33,060	318
	<u>99,133</u>	<u>78,430</u>
NOTE 7 - DEFERRED TAX ASSET		
Future Tax Benefit	<u>23,219</u>	<u>17,345</u>

Notes to the financial statements (continued)

	2020	2019
	\$	\$
NOTE 8 - PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	61,738	61,738
Less: accumulated depreciation	<u>(49,669)</u>	<u>(48,662)</u>
	12,069	13,076
Land & Buildings - at cost	450,414	450,414
Less: accumulated depreciation	<u>(131,340)</u>	<u>(119,564)</u>
	319,074	330,850
Motor vehicles - at cost	24,546	24,546
Less: accumulated depreciation	<u>(11,901)</u>	<u>(7,687)</u>
	12,645	16,859
Total written down amount	<u>343,788</u>	<u>360,785</u>
i) Movements in carrying amounts		
Plant and equipment		
Balance at the beginning of the year	13,076	6,788
Additions	-	6,696
Depreciation	<u>(1,007)</u>	<u>(408)</u>
Carrying amount at the end of the year	<u>12,069</u>	<u>13,076</u>
Leasehold Improvements		
Balance at the beginning of the year	330,850	307,681
Additions	-	33,294
Depreciation	<u>(11,776)</u>	<u>(10,125)</u>
Carrying amount at the end of the year	<u>319,074</u>	<u>330,850</u>
Motor Vehicles		
Balance at the beginning of the year	16,859	22,478
Additions	-	-
Disposal	-	-
Depreciation	<u>(4,214)</u>	<u>(5,619)</u>
Carrying amount at the end of the year	<u>12,645</u>	<u>16,859</u>
NOTE 9 - INTANGIBLE ASSETS		
Franchise fee - at cost	67,153	67,153
Less: accumulated amortisation	<u>(43,053)</u>	<u>(29,622)</u>
Total written down amount	<u>24,100</u>	<u>37,531</u>
NOTE 10 - TRADE AND OTHER PAYABLES		
Trade creditors	5,449	8,277
Income tax payable	15,065	1,585
Other creditors & accruals	<u>18,000</u>	<u>19,056</u>
	<u>38,514</u>	<u>28,918</u>

Notes to the financial statements (continued)

	2020 \$	2019 \$
NOTE 11 - PROVISIONS		
Current		
Annual leave	28,223	17,419
Total Current	<u>28,223</u>	<u>17,419</u>
Non Current		
Long service leave	36,220	30,207
Total Non Current	<u>36,220</u>	<u>30,207</u>
Total Provisions	<u>64,443</u>	<u>47,626</u>
NOTE 12 - Borrowings		
Current		
Loan - Bendigo and Adelaide Bank Ltd (Franchise Fee)	13,614	13,614
Loan - Bendigo and Adelaide Bank Ltd (Property Loan)	18,684	18,684
Equipment Finance	-	5,179
Bendigo Bank Credit Card	288	8
Total Current	<u>32,586</u>	<u>37,485</u>
Non Current		
Loan - Bendigo and Adelaide Bank Ltd (Franchise Fee)	-	13,614
Loan - Bendigo and Adelaide Bank Ltd (Property Loan)	87,942	99,896
Total Non Current	<u>87,942</u>	<u>113,510</u>
Total Borrowings	<u>120,528</u>	<u>150,995</u>
NOTE 13 - CONTRIBUTED EQUITY		
626,650 Ordinary shares paid at \$1	626,650	626,650
Less: equity raising expenses	(32,775)	(32,775)
	<u>593,875</u>	<u>593,875</u>
NOTE 14 - ACCUMULATED LOSSES		
Opening balance	(313,007)	(383,629)
Net profit from activities after income tax	151,021	101,955
Dividends Paid	(31,333)	(31,333)
	<u>(193,319)</u>	<u>(313,007)</u>
NOTE 15 - CASH FLOW INFORMATION		
(i). Reconciliation of Cash		
For the purpose of the statement of Cash Flows, cash includes cash on hand and at bank.		
Cash at the end of the financial year as shown in the Statements of Cash		
Flows is reconciled to the related items in the statement of financial		
Cash at bank (Note 5)	133,801	14,316
Total Cash	<u>133,801</u>	<u>14,316</u>
(ii). Reconciliation of Operating Profit to Net Cash Used in Operating Activities:		
Profit / (loss) for Year:	<u>151,021</u>	<u>101,955</u>
Non cash flows recored in ordinary activities		
Amortisation	13,431	13,431
Profit on sale of asset	-	-
Depreciation	<u>16,997</u>	<u>16,152</u>

Notes to the financial statements (continued)

	2020	2019
	\$	\$
NOTE 15 - CASH FLOW INFORMATION (CONTINUED)		
Net cash provided / (used) in operating activities before changes in assets and liabilities during the year		
(Increase) / decrease in receivables	(20,703)	(18,068)
(Increase)/ Decrease in Future Tax Benefit	(5,874)	(85)
Increase / (decrease) in payables	9,597	(28,976)
Increase / (decrease) in provisions	16,817	(3,830)
Net Cash Used in Operating Activities	<u>181,286</u>	<u>80,579</u>
NOTE 16 - EARNINGS PER SHARE		
(a) Profit / (Loss) attributable to ordinary equity holders	<u>151,021</u>	<u>101,955</u>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	626,650	626,650

NOTE 17 - DIVIDENDS

Dividends paid for the year were at 5c per share (2019 -5c per share)

NOTE 18 – FINANCIAL INSTRUMENTS

Financial Risk Management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

Notes to the financial statements (continued)

NOTE 18– FINANCIAL INSTRUMENTS (CONTINUED)

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

Financial	Floating		Fixed interest rate maturing in						Non interest bearing		Weighted average Effective Interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash assets	133,801	14,316	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	99,133	78,430	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	38,514	28,918	N/A	N/A
Borrowings	106,626	123,759	-	-	-	-	-	-	18,684	27,236	4.8	4.8

NOTE 19– RELATED PARTY TRANSACTIONS

There were no related party transactions between the company and directors during the year.

The names of the Directors who have held office during the financial year are:

Colin James Nagle	Julie Maree Giddings
Lachlan Ian MacKenzie	Daniel Murray Martin
Anthony Owen A'Beckett	Malcolm Antony Marshall
Bruce Bertram Alleyn	Martin Joseph Sullivan
Lloyd Mildren	Patrick Barrett

NOTE 20 – COMPANY DETAILS

The registered office of the company is:
 Tumbarumba Financial Services Limited
 27 The Parade
 Tumbarumba NSW 2653

NOTE 21 - EVENTS OCCURRING AFTER THE BALANCE DATE

There have been no events after the end of the financial year that would materially affect the financial statements.

NOTE 22 - CONTINGENT LIABILITIES

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

NOTE 23 - SEGMENT REPORTING

The economic entity operates in the service sector where it facilitates Community Bank services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Tumbarumba and surrounding districts of New South Wales.

Directors' declaration

The directors of the company declare that:

1. The financial statements and notes, are in accordance with the Corporations Act 2001:
 - a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company and economic entity;
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.



Director

Dated at Wagga Wagga this 30th day of September 2020

Independent audit report



■ PARTNERS:	
P.J. King	CA
A.P. Powell	CA
D.R. Uden	CA
R.K. Nicoll	CA
M.A. Smith	CA
D.T. Rosetta	CA

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

TUMBARUMBA FINANCIAL SERVICES LIMITED

Opinion

We have audited the accompanying financial report of Tumbarumba Financial Services Limited, which comprises the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In our opinion, the financial report of Tumbarumba Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2020 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime 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* section of our report. We are independent of the Company in accordance with 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 responsibilities in accordance with the Code.

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

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

Information Other than the Financial Report and Auditor's Report Thereon

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.

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Independent audit report (continued)

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

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

JOHN L BUSH & CAMPBELL
Chartered Accountants



David Rosetta
Partner

Wagga Wagga
30 September 2020

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27 The Parade, Tumbarumba NSW 2653
Phone: 02 6948 3399 Fax: 02 6948 3722
Email: tumbarumbamailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/tumbarumba

Franchisee: Tumbarumba Financial Services Limited
ABN: 82 121 010 839
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 /TumbarumbaCommunityBankBranch

