Annual Report 2020

Tumby Bay District Financial Services Limited

Community Bank
Tumby Bay District and Cleve

ABN 99 145 161 093

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Chairman's report

For year ending 30 June 2020

I am pleased to bring this Chairman's report for the ninth financial year of Tumby Bay District Financial Services Limited. On behalf of the Board of Directors I commend this year's Annual Report to the shareholders and ask that you please take the time to read the Report in its entirety.

I would like to thank Judy Arbery, Branch Manager for her selfless and dedicated contribution to the business. The contribution by our professional and competent staff has been appreciated and I thank them for their commitment to a high standard of services over the last year. I also draw to your attention the part that Rural Bank plays in the business and thank Chris Miller for the contribution he makes to the growth of the business as Rural Bank Agribusiness Manager. We also appreciate the contribution that Bendigo and Adelaide Bank Limited's Business Banking Team of Darren Goodwin, and Tiffany Franklin make to the branch.

The Board appreciates and thanks Ned Roberts who has been our Treasurer since the company's inception and Terri Christensen who has assisted our Company Secretary, Janet Shepherd with the role since the last AGM. Terri has had previous secretarial experience with the Port Lincoln Community Enterprises Limited Board. We also welcome David Reed who has served on the Cleve agency committee and has been appointed to the Board subject to his formal election at the AGM.

The following Directors have resigned, Tom Tierney, Joanne Powell, Hannah Allen-Jordan and Cyril Heir. I thank them for their valuable contribution to the Board.

This year you will have noticed some changes at the branch since March, with the challenge for the bank branch to keep operational in a safe way. COVID-19 safety protocols of social distancing and hygiene practices have been put in place to keep our staff and customers safe and to ensure a continuous banking service to the community. This, along with the difficult economic environment has impacted on our bank's bottom line. From the financial report you will note the continued growth of the business, although modest compared to the previous year's results. Business footings of $74.79 million at 30 June 2019 and a growth of $3.97 million resulted in total footings reaching almost $78.76 million at 30 June 2020.

Part of the above figure is the growth of business from the Cleve agency, at the end of June total footings reached $28.66million, an increase of $0.47million for the 2019/20 year.

The Cleve Committee, chaired by Warren Elson continues to work hard to promote the benefits of the Community Bank and distribute sponsorship funds to the Cleve and district community. I am pleased to report continued interest from the Cowell area and look for more growth in that district.

The Board continues to support the community through sponsorship and partnering with the funds provided through Bendigo and Adelaide Bank Limited. This partnering has benefited a diverse range of community groups and ages, with some lasting social impact achieved beyond dollars and cents. The Board has distributed $8,723 in the Tumby Bay district and $11,657 in the Cleve district in the 2019/20 financial year.

The Board continues to promote the Community Bank message to the community and would ask that our shareholders do the same. We thank those shareholders who bank with their local Community Bank. The support of our shareholders using their local Community Bank helps contribute towards growing the business and providing flow on benefits to the local communities of both Tumby Bay district and Cleve district. If you haven't already been part of the change, the opportunity is still there for you to make a difference and to be part of something better.

Grantley Telfer
Chairman

Manager's report

For year ending 30 June 2020

We headed into the new year with plans and optimism for more stability after the challenges the banking industry faced in 2018/19 through the Royal Commission, increased regulatory requirements and the lowest interest rates we had encountered in Australia.

This past financial year has presented us with new challenges. COVID-19 has turned the world on its head and the personal and economic impact has reached out and touched us all with the true impact yet to be revealed. Navigating our way through this pandemic has been challenging for us all including how we perform our banking. We have introduced procedures to protect our customers and staff in accordance to the state and national requirements for COVID-19. As the restrictions came into place to isolate, we needed to support our customers at home who had not previously used electronic banking. We have focused on educating customers using traditional face-to-face banking to digital options and providing the various assistance packages to businesses directly affected.

Surpassing record low interest rates last financial year, we experienced another four interest rate reductions between July and April with the cash rate positioned at 0.25%. With the reduction in rates causing increased pressure on profit margins, the quest for new customers and multiple product relationships has been an emphasis which aligns with the Bendigo Bank vision to be Australia's bank of choice.

Results for core product groups:

Lending	+6.6%	
Deposits	-6.6%	
Other business	+13.3%	(includes Rural Bank and Sandhurst Trustees)
Overall growth	5.3%	

The disruption of COVID-19 on employment and businesses showed increased caution to making financial decisions. Low interest rates have resulted in funds moving out of our savings and investment products into alternative investment options and more specifically to property and share trading.

We are proud of the experience accumulated, stability and consistency of our team. Karlee Dunn has been with us for more than nine years, here from the onset of the branch opening. Followed by Anita Pedemonte in the same year – also nine years' service. Michelle Parker joined the following year, Janet Shepherd in 2015, Hannah Lienert in 2017 and Katish Carr last December. My career commenced with Bendigo Bank in 1984 staying for 19 years and have returned to the fold in 2015 here at Tumby Bay with a total of 36 years in banking and finance. I thank the team for their commitment to provide our customers with a professional banking service and for their drive to contribute back to our community.

We are proud to have been sponsors of many organisations and clubs this financial year. We are major sponsors of the inaugural Bendigo Bank EP Speed Shearing Competition along with our neighbouring Community Banks in Port Lincoln and Cummins. We have provided funding for the Youth Opportunity program through the Tumby Bay Area School which has proven to be invaluable for personal development for the year 10 students. Sporting clubs, including the Cleve Golf Club, Gymworks at Cleve, Tumby Bay Tennis Club and several bowls clubs in the Tumby Bay and Cleve district are amongst the recipients of sponsorships. Our Senior Citizens and Agricultural Bureaus have also received funds and we thank all the recipients for supporting the Community Bank with their banking and that of their members.

Our Board of Directors are volunteers who provide their time and individual expertise to govern this local company. I thank the Board for the numerous hours and their commitment to provide this banking service to the community.

Why do they do it? They are passionate about what the Community Bank can do for the two districts in which we operate. We are making a difference. We not only offer quality banking products and services, we have provided over $163,000 to our community for clubs, educational programs, and facilities to our community.

I would also like to thank our business partners, Chris Miller Relationship Manager from Rural Bank, Darren Goodwin and Tiffany Franklin, Bendigo Bank Business Banking Relationship Managers who support our team in providing holistic banking solutions for our farmers and business owners.

Our vision is to be Australia's bank of choice. Our purpose is to feed into the prosperity of our customers and community, not off it.

Our value proposition is to be trusted and authentic, provide our customers with relevant solutions and make it easy for you to do business with us. I believe we deliver on this. I ask you, our shareholders, if you are not already banking with us to give us a go and see the benefits to not only your banking but to your community.

Judy Arbery
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

2019/20 Sponsorships and contributions

Organisation	$
Cleve Lions Club	500
Cleve Sporting Bodies	500
Arno Bay Bowls Club	500
Cleve Golf Club	909
Cleve Gym Works	1,200
Cleve Pageant	250
Mens Shed - Xmas Float	150
Arno Bay New Years Day	500
Cleve Area School	250
Cleve Bowls Club	1,500
Cleve Golf Club	272
Ports Football & Netball Club	2,000
Eastern Eyre Football League	1,000
Eastern Rangers Football & Netball Club	2,000
L Deaken - Pageant	125
Tumby Bay Senior Citizens Club	1,000
Franklin Harbour Ag Bureau	200
Roberts Veran Ag Bureau	250
EP Shearing Competition	1,369
Tumby Bay Area School	250
Tumby Bay Lions Club - Xmas Pageant	50
Port Neill Progress Assoc	200
Tumby Bay Bowls Club	400
Tumby Bay Tennis Club	300
Tumby Bay Progress Association	1,500
Yallunda Flat A&HF Society	250
Port Neill Bowls Club	500
Tumby Bay Market at Bay	227
Youth Opportunities	2,000
Total	**20,152**
Total Contribution since 2011	**162,993**

COMMUNITY
$20,152
CONTRIBUTION 2019/20

COMMUNITY
$162,993
since opening
in 2011
CONTRIBUTION

Directors' report

For the financial year ended 30 June 2020

The Directors present their report of the company for the financial year ended 30 June 2020.

Directors

The following persons were Directors of Tumby Bay District Financial Services Limited during or since the end of the financial year up to the date of this report:

Directors	Details
Pascale Szypowski	Chairperson, Doctor of Pharmacy, pharmacist at PLHS, AICD trained director, previous director/secretary of Katherine Community Bank, director of Professional Board of Pharmacy Tasmania, business owner for 11 years.
Geoffrey Hales	Clerical/pay office, wool testing, industrial relations, business owner for 20 years, worked in bank agency.
Lorraine Deakin	Retired primary producer, treasurer of Cleve Lions Club, vice president of Cleve Bowling Club, president of Cleve Hospital Auxillary, secretary of Bendigo Bank Cleve Agency Committee.
Grantley Telfer	Agricultural business proprietor, member of Redcliff camp property committee, experience in property development.
Thomas Tierney	Resigned 8th November 2019, retired business owner, previous experience in banking and running own business, involved in local sports clubs and Lions Club.
Jo-Anne Powell	Resigned 3rd November 2019, business owner, previous experience in retail and investment banking, experience in corporate event management.
Cyril Hier	Resigned 8th November 2019, retired primary producer, councillor for District Council LeHunte, member of the CEP Hospital Board, CFS Fire Service and sporting clubs.
Hannah Allen-Jordan	Resigned 29th October 2019, food retail assistant, second term councillor at District Council of Tumby Bay, coach for Tumby Bay Netball Club, member of Tumby Bay Progress Association.
Terri Christensen	Appointed 2nd December 2019, Bachelor of Arts in Business Administration, experience in marketing & communications management, prior experience as director & secretary of a Bendigo Bank branch.
David Reed	Appointed 22nd April 2020, retired school teacher, committee member of Cleve Men's Shed Inc, member of Cleve National Trust.

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

No Directors have material interests in contracts or proposed contracts with the company.

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit Committee meetings	
	A	B	A	B
Pascale Szypowski	11	8	-	-
Geoffrey Hales	11	9	2	1
Lorraine Deakin	11	10	-	-
Grantley Telfer	11	11	2	2
Thomas Tierney	4	3	-	-
Jo-Anne Powell	4	3	-	-
Cyril Hier	4	2	-	-
Hannah Allen-Jordan	4	1	-	-
Terri Christensen	7	7	-	-
David Reed	3	3	-	-

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Janet Shepherd has been the Company Secretary of Tumby Bay District Financial Services Limited from 2015 until 22nd January 2020. Janet's qualifications and experience include a Diploma in Retail Business Management, former director, and involved in local community groups.

Terri Christensen has been the Company Secretary of Tumby Bay District Financial Services Limited since 22nd January 2020. Terri's qualifications and experience include a Bachelor of Arts in Business Administration, experience in marketing & communications management, prior experience as director & secretary of a Bendigo Bank Branch.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $34,788 (2019 profit: $31,198), which is a 11.5% increase as compared with the previous year.

New Accounting Standards Implemented

The Company has implemented a new accounting standard that is applicable for the current reporting period.

AASB 16: Leases has been applied retrospectively using the modified cumulative approach, with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

COVID-19 Impact on Operations

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary interventions to stabilise economic conditions.

The Company has determined that these events have not required any specific adjustments within the financial report. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as any impact on the financial position and results of the Company for future periods.

Dividends

No dividends were declared or paid during the financial year.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Proceedings on behalf of company

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 a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 11 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Auditor

RSM continues in office in accordance with section 327 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the Board of Directors at Tumby Bay, pursuant to section 298(2)(a) of the *Corporations Act 2001*, on 8th October 2020.

On behalf of the directors

Grantley Telfer
Director

Date 8/10/2020

Auditor's independence declaration

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Tumby Bay District Financial Services Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief there have been no contraventions of:

a. The auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and

b. Any applicable code of professional conduct in relation to the audit.

DAVID WALL
Partner
RSM Australia Partners

Adelaide, South Australia
Date: 8th October 2020

Financial statements

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

	Notes	2020 $	2019 $
Revenue	2	547,578	546,593
Expenses			
Employee benefits expense	3	(274,826)	(261,922)
Depreciation and amortisation	3	(59,403)	(34,336)
Finance costs	3	(2,597)	-
Other expenses		(144,606)	(191,519)
		(481,432)	**(487,777)**
Operating profit before charitable donations and sponsorship		**66,146**	**58,816**
Charitable donations and sponsorship		(31,358)	(27,618)
Profit before income tax		**34,788**	**31,198**
Income tax expense	4	-	-
Profit for the year after income tax		**34,788**	**31,198**
Other comprehensive income		-	-
Total comprehensive income for the year		**34,788**	**31,198**
Profit attributable to members of the company		34,788	31,198
Total comprehensive income attributable to members of the company		**34,788**	**31,198**

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	16,926	7,156
Trade and other receivables	6	64,774	36,389
Other assets	7	6,933	7,310
Total current assets		**88,633**	**50,855**
Non-current assets			
Property, plant and equipment	8	64,245	37,510
Intangible assets	9	10,149	23,705
Total non-current assets		**74,394**	**61,215**
Total assets		**163,027**	**112,070**
Liabilities			
Current liabilities			
Trade and other payables	11	17,465	18,677
Borrowings	12	427,307	466,706
Leases	13	25,072	-
Provisions	14	45,248	39,806
Total current liabilities		**515,092**	**525,189**
Non-current liabilities			
Leases	13	19,561	-
Provisions	14	14,709	8,004
Total non-current liabilities		**34,270**	**8,004**
Total liabilities		**549,362**	**533,193**
Net assets		**(386,335)**	**(421,123)**
Equity			
Issued capital	15	863,359	863,359
Accumulated losses	16	(1,249,694)	(1,284,482)
Total equity		**(386,335)**	**(421,123)**

The accompanying notes form part of these financial statements.

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019		863,359	(1,284,482)	(421,123)
Comprehensive income for the year				
Profit for the year		-	34,788	34,788
Transactions with owners in their capacity as owners				
Dividends paid or provided	17	-	-	-
Balance at 30 June 2020		**863,359**	**(1,249,694)**	**(386,335)**
Balance at 1 July 2018		863,359	(1,315,680)	(452,321)
Comprehensive income for the year				
Profit for the year		-	31,198	31,198
Transactions with owners in their capacity				
as owners				
Dividends paid or provided	17	-	-	-
Balance at 30 June 2019		**863,359**	**(1,284,482)**	**(421,123)**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		519,168	545,553
Payments to suppliers and employees		(439,478)	(474,968)
Interest paid		(2,597)	-
Interest received		25	68
Net cash flows provided by operating activities	**18b**	**77,118**	**70,653**
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,976)	(2,372)
Net cash flows used in investing activities		**(3,976)**	**(2,372)**
Cash flows from financing activities			
Repayment of borrowings		(14,912)	(14,912)
Repayment of lease liabilities		(23,973)	-
Net cash flows used in financing activities		**(38,885)**	**(14,912)**
Net increase in cash held		**34,257**	**53,369**
Cash and cash equivalents at beginning of financial year		(444,638)	(498,007)
Cash and cash equivalents at end of financial year	**18a**	**(410,381)**	**(444,638)**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2020

These financial statements and notes represent those of Tumby Bay District Financial Services Limited (the Company) as an individual entity.

Tumby Bay District Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on the 8th of October 2020.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Economic dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at Tumby Bay.

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

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

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

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branches;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

Note 1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Going Concern

For the period ended 30 June 2020, there are several factors that may cast a doubt on the entities ability to continue as a going concern. These conditions include:

- the net liabilities of the company as at 30 June 2020 were $386,335;
- the net current liabilities of the company are $426,459; and
- the entity has accumulated losses of $1,249,694.

Over the past 12 - 18 months, the directors have implemented measures to increase the footings of the bank. In conjunction with a change in commission rates earned on banking products from Bendigo and Adelaide Bank Limited, revenue from commissions has grown by 10% per annum since 30 June 2019.

The Company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of $525,000 and was drawn down to $427,307 as at 30 June 2020.

The directors will continue to review their growth forecast budget and cash flows throughout the 2020/21 year, and continue to implement measure to preserve cash, and secure additional finance.

Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the Company and its operations for the 2020/21 financial year, and beyond, through the provision of the overdraft facility on normal commercial terms and conditions to assist with working capital requirements. The support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

At year end the Company had reduced its utilisation of the bank overdraft by $24,487.

Based on the above, the directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

(b) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) 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 (ATO).

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

Note 1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

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 consolidated entity 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 consolidated entity 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 consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Note 1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(f) New and revised standards that are effective for these financial statements

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2019. Note that the changes in accounting policies specified below ONLY apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2019 are the relevant policies for the purposes of comparatives.

AASB 16 Leases became mandatorily effective on 1 January 2019. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 16 Leases

AASB 16 Leases replaces AASB 117 Leases and three associated Interpretations. The new standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated, as permitted under the specific transition provisions in the standard.

For contracts in place at the date of initial application, as permitted under the specific transition provisions in the standard, the Company has elected to apply the definition of a lease from AASB 117 and relevant associated interpretations, and has not applied AASB 16 to arrangements that were previously not identified as a lease under AASB 117 and associated interpretations. This means that any contracts that were deemed to not contain a lease under AASB 117 have not been reassessed under AASB 16.

The Company has also elected to not include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of AASB 16, being 1 July 2019. Furthermore, at this date, the Company has elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of AASB 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value-assets (less than $10,000) the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under AASB 117 immediately before the date of initial application.

On transition to AASB 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under AASB 16 was 4.5%.

The Company has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

Note 1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

AASB 16 Leases (continued)

	$
Total operating lease commitments disclosed at 30 June 2019	68,606
Recognition exemptions:	
· leases of low value assets	-
· leases with remaining lease terms of less than 12 months	-
Variable lease payments not recognised	-
Other minor adjustments relating to commitment disclosures	-
Operating lease liabilities before discounting	**68,606**
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	68,606
Lease liability as at 1 July 2019	68,606
Represented by:	
Current lease liabilities	23,973
Non-current lease liabilities	44,633
	68,606

Adjustments recognised in the balance sheet on 1 July 2019

The recognised right-of-use assets relate to the following types of assets:

	30 June 2020 $	1 July 2019 $
Properties	43,658	68,606
Total right-of-use assets	**43,658**	**68,606**

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

Balance sheet item	Effect	Amount $
Property, plant and equipment	Increase	68,606
Lease liabilities	Increase	68,606

(g) Change in accounting policies

Accounting policy applicable from 1 July 2019

The Company as a lessee

For any new contracts entered into on or after 1 July 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company
- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

Note 1. Summary of significant accounting policies (continued)

(g) Change in accounting policies (continued)

Accounting policy applicable from 1 July 2019 (continued)

The Company as a lessee (continued)

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or to the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, the right-of-use assets have been included in property, plant and equipment (except those meeting the definition of investment property) and leases are disclosed separately.

Accounting policy applicable before 1 July 2019

The Company as a lessee

- Finance leases

  Management applies judgement in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

  For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

  See the accounting policy note in the year-end financial statements for the depreciation methods and useful lives for assets held under finance leases. The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

- Operating leases

  All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Note 1. Summary of significant accounting policies (continued)

(g) Change in accounting policies (continued)

Impact of standards issued but not yet applied by the entity

AASB 17 Insurance Contracts

AASB 17 was issued in July 2017 as replacement for AASB 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured each reporting period. The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under AASB 9.

The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. As the company does not issue any insurance contracts or investment contracts with discretionary participation features, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

AASB 1059 Service Concession Arrangements: Grantors

The standard applies to both not-for-profit and for-profit public sector entities that are grantors in a service concession arrangement. These are arrangements that involve an operator providing public services related to a service concession asset on behalf of a public sector entity for a specified period of time and managing at least some of those services.

As the company is not a grantor in a service concession arrangement, the directors have determined this standard will not affect the company when adopted.

The company does not intend to adopt the standard before its effective date.

Note 2. Revenue

	2020 $	2019 $
Revenue		
- service commissions	450,530	409,718
	450,530	**409,718**
Other revenue		
- interest received	25	68
- salary contribution - Bendigo and Adelaide Bank	63,600	99,025
- cash flow boost	29,760	-
- other revenue	3,663	37,782
	97,048	**136,875**
Total revenue	**547,578**	**546,593**

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Interest and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

Other revenue is recognised when the right to the income has been established.

All revenue is stated net of the amount of goods and services tax (GST).

Note 2. Revenue (continued)

Rendering of services

As detailed in the franchise agreement, companies earn three types of revenue - margin, commission and fee income. Bendigo and Adelaide Bank Limited decide the method of calculation of revenue the company earns on different types of products and services and this is dependent on the type of business the company generates also taking into account other factors including economic conditions, including interest rates.

Core Banking Products

Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given.

Margin

Margin is earned on all core banking products. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin. Margin is determined by taking the 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.

Commission

Commission is a fee earned on products and services sold. Depending on the product or services, it may be paid on the initial sale or on an ongoing basis.

Salary Contribution

Salary Contribution is a contribution towards salaries and superannuation from Bendigo and Adelaide Bank Limited.

Fee Income

Fee income is a share of 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank Limited, including fees for loan applications and account transactions.

Discretionary Financial Contributions

Bendigo and Adelaide Bank Limited has made discretionary financial payments to the company, outside of the franchise agreement and in addition to margin, commission and fee income. This income received by the company is classified as "Market Development Fund" (MDF) income. The purpose of these payments is to assist the company with local market development activities, however, it is for the board to decide how to use the MDF. Due to their discretionary nature, Bendigo and Adelaide Bank Limited may change or stop these payments at any time.

Form and Amount of Financial Return

The franchise agreement stipulates that Bendigo and Adelaide Bank Limited may change the form, method of calculation or amount of financial return the company receives. The reasons behind making a change may include, but not limited to, changes in Bendigo and Adelaide Bank Limited's revenue streams/processes; economic factors or industry changes.

Bendigo and Adelaide Bank Limited may make any of the following changes to form, method of calculation or amount of financial returns:

- A change to the products and services identified as 'core banking products and services'
- A change as to whether it pays the company margin, commission or fee income on any product or service.
- A change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.

These above mentioned changes, may impact the revenue received by the company on a particular product or service, or a range of products and services.

However, if Bendigo and Adelaide Bank Limited make any of the above changes, per the franchise agreement, it must comply with the following constraints in doing so.

Note 2. Revenue (continued)

Form and Amount of Financial Return (continued)

a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;

b) In changing a margin to a commission or a commission to a margin on a core banking product or service, OR changing the method of calculation of a cost of funds, deposit return or margin or amount of margin or commission on a core product or service, Bendigo and Adelaide Bank Limited must not reduce the company's share of Bendigo and Adelaide Bank Limited's margin on core banking product and services when aggregated to less than 50% of Bendigo and Adelaide Bank Limited's margin on core banking products attributed to the company's retail branch operation; and

c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

Note 3. Expenses

	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	231,342	223,357
- superannuation costs	22,591	26,093
- other costs	20,893	12,472
	274,826	**261,922**
Depreciation and amortisation		
Depreciation		
- buildings	24,948	-
- leasehold improvements	19,607	19,607
- plant and equipment	1,292	1,173
	45,847	**20,780**
Amortisation		
- franchise fees	13,556	13,556
	13,556	**13,556**
Total depreciation and amortisation	**59,403**	**34,336**
Finance costs		
- Interest paid	2,597	-
Auditors' remuneration		
Remuneration of the Auditor, RSM Australia Partners, for:		
- Audit or review of the financial report	5,250	5,250
	5,250	**5,250**

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Note 3. Expenses (continued)

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land , is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Rate	Method
Buildings		
Leasehold improvements	10%	Straight line
Plant and equipment	20%	Straight line
Computer software	40%	Straight line

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains/losses upon disposal of non-current assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Note 4. Income tax

	2020 $	2019 $
a. The components of tax expense comprise:		
Current tax expense	-	-
Deferred tax expense	-	-
	-	**-**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities		
before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2019: 27.5%)	9,567	8,579
Add tax effect of:		
- Other allowable items	(4,252)	1,300
- Deferred tax asset not brought to account	(5,315)	(9,879)
Income tax attributable to the entity	**(0)**	**0**
The applicable weighted average effective tax rate is:	0.00%	0.00%
c. Deferred tax asset		
Deferred tax assets arising from tax losses and deductible temporary differences have not been recognised at reporting date as realisation of the benefit is not regarded as probable.	**331,500**	**336,815**

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities/assets are measured at the amounts expected to be paid to/recovered from the relevant taxation authority.

Note 4. Income tax (continued)

c. Deferred tax asset (continued)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; and
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Note 5. Cash and cash equivalents

	2020 $	2019 $
Cash at bank and on hand	16,926	7,156
	16,926	**7,156**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Reconciliation of cash

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

	2020 $	2019 $
As per the statement of financial position	16,926	7,156
(Less) bank overdraft	(427,307)	(451,794)
As per the statement of cash flows	**(410,381)**	**(444,638)**

Note 6. Trade and other receivables

	2020 $	2019 $
Current		
Trade receivables	36,266	36,389
Other receivables	28,508	-
	64,774	**36,389**

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Note 6. Trade and other receivables (continued)

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited 14 days post month end, there is no items that require the application of the lifetime expected credit loss model.

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The Company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current and forecast directions of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount $	Not past due $	Past due but not impaired			Past due and impaired $
			< 30 days $	31-60 days $	> 60 days $	
2020						
Trade receivables	36,266	36,266	-	-	-	-
Other receivables	28,508	28,508	-	-	-	-
Total	**64,774**	**64,774**	**-**	**-**	**-**	**-**
2019						
Trade receivables	36,389	36,389	-	-	-	-
Other receivables	-	-				
Total	**36,389**	**36,389**	**-**	**-**	**-**	**-**

Note 7. Other assets

	2020 $	2019 $
Prepayments	6,933	7,310
	6,933	**7,310**

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Note 8. Property, plant and equipment

	2020 $			2019 $		
	At cost / valuation	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements - at cost	196,060	(181,279)	14,781	196,060	(161,672)	34,388
Plant and equipment - at cost	22,596	(16,790)	5,806	18,620	(15,498)	3,122
Leased Assets	68,606	(24,948)	43,658	-	-	-
Total property, plant and equipment	**287,262**	**(223,017)**	**64,245**	**214,680**	**(177,170)**	**37,510**

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Leased assets

As described in Note 1(h), the Company has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 117.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2020 (2019: None)

(b) Movements in carrying amounts of PP&E

2020	Buildings $	Leasehold Improvements $	Plant & Equipment $	Total $
Opening carrying value	-	34,388	3,122	37,510
Additions	68,606	-	3,976	72,582
Depreciation	(24,948)	(19,607)	(1,292)	(45,847)
Closing carrying value	**43,658**	**14,781**	**5,806**	**64,245**

Note 8. Property, plant and equipment (continued)

(b) Movements in carrying amounts of PP&E (continued)

2019	Buildings $	Leasehold Improvements $	Plant & Equipment $	Total $
Opening carrying value	-	53,995	1,923	55,918
Additions	-	-	2,372	2,372
Depreciation	-	(19,607)	(1,173)	(20,780)
Closing carrying value	**-**	**34,388**	**3,122**	**37,510**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

	2019 $
Properties	43,658
Total right-of-use assets	**43,658**

(c) Right of use assets

The Company's lease portfolio includes buildings, plant and equipment.

Options to extend or terminate

The option to extend or terminate are contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the Right of Use Asset.

(i) AASB 16 related amounts recognised in the statement of financial position

	Leased Building $	Leased Plant and Equipment $	Total Right of Use Asset $
Leased Asset	68,606	-	68,606
Accumulated depreciation	(24,948)	-	(24,948)
	43,658	**-**	**43,658**

Movements in carrying amounts:

	Leased Building $	Leased Plant and Equipment $	Total Right of Use Asset $
Recognised on initial application of AASB 16			
- previously classified as operating leases	68,606	-	68,606
- transferred from property, plant & equipment	-	-	-
Additions	-	-	-
Depreciation expense	(24,948)	-	(24,948)
Net carrying amount	**43,658**	**-**	**43,658**

Note 8. Property, plant and equipment (continued)

(c) Right of use assets (continued)

(ii) AASB 16 related amounts recognised in the statement of profit or loss

	2019 $
Depreciation charge related to right-of-use assets	24,948
Interest expense on lease liabilities	2,597

Note 9. Intangible assets

	2020 $			2019 $		
	At cost / valuation	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	77,781	(67,632)	10,149	77,781	(54,076)	23,705
Total intangible assets	**77,781**	**(67,632)**	**10,149**	**77,781**	**(54,076)**	**23,705**

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

Movements in carrying amounts

2020	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	23,705	-	(13,556)	10,149
Total intangible assets	**23,705**	**-**	**(13,556)**	**10,149**

2019	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	37,261	-	(13,556)	23,705
Total intangible assets	**37,261**	**-**	**(13,556)**	**23,705**

Note 10. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 10. Financial liabilities (continued)

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

Note 11. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade Creditors	436	2,324
GST Payable	7,417	6,549
Other creditors and accruals	9,612	9,804
	17,465	**18,677**

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

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

The average credit period on trade and other payables is one month.

Note 12. Borrowings

	2020 $	2019 $
Current		
Unsecured liabilities		
Bank overdraft	427,307	451,794
Bank loan	-	14,912
	427,307	**466,706**
Total borrowings	**427,307**	**466,706**

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Bank overdraft

The company has an overdraft facility of $525,000 which is not currently subject to interest costs.

Note 13. Leases

	2020 $	2019 $
Current		
Property Leases	25,072	-
	25,072	**-**
Non-current		
Property Leases	19,561	-
	19,561	**-**
Total leases	**44,633**	**-**

The Company has a lease for the bank branch which forms a portion of 7 North Terrace, Tumby Bay. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant & equipment and incur maintenance fees on such items in accordance with the lease contracts.

Additional information on the right-of-use assets by class of assets is as follows:

2019	Carrying amount (Note 8) $	Depreciation Expense $	Impairment $
Property Leases	43,658	24,948	-
	43,658	**24,948**	**-**

Note 14. Provisions

	2020 $	2019 $
Current		
Employee benefits	45,248	39,806
Non-current		
Employee benefits	14,709	8,004
Total provisions	**59,957**	**47,810**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

<u>Short-term employee benefits</u>

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Note 14. Provisions (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Note 15. Share capital

	2020 $	2019 $
863,359 Ordinary shares fully paid	863,359	863,359
Less: Equity raising costs	-	-
	863,359	**863,359**

Ordinary shares are classified as equity.

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

(a) Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	863,359	863,359
Shares issued during the year	-	-
At the end of the reporting period	**863,359**	**863,359**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:

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

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Note 15. Share capital (continued)

(b) Capital management (continued)

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

Note 16. Accumulated losses

	2020 $	2019 $
Balance at the beginning of the reporting period	(1,284,482)	(1,315,680)
Profit for the year after income tax	34,788	31,198
Dividends paid	-	-
Balance at the end of the reporting period	**(1,249,694)**	**(1,284,482)**

Note 17. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

No dividends were paid or proposed by the company during the period.

Note 18. Statement of cash flows

	2020 $	2019 $
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	16,926	7,156
Less bank overdraft (Note 12)	(427,307)	(451,794)
As per the Statement of Cash Flow	**(410,381)**	**(444,638)**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit for the year after income tax	34,788	31,198
Non-cash flows in profit		
- Depreciation and amortisation	59,403	34,336
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(28,385)	(972)
- (increase) / decrease in prepayments and other assets	377	(1,004)
- Increase / (decrease) in trade and other payables	(1,212)	1,443
- Increase / (decrease) in provisions	12,147	5,652
Net cash flows from operating activities	**77,118**	**70,653**

Note 18. Statement of cash flows (continued)

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft amounting to $525,000 (2019: $550,000). This may be terminated at any time at the option of the bank. At 30 June 2020, $427,307 of this facility was used (2019: $451,794). No interest expense applies to this overdraft facility as this has been waved by Bendigo Bank.

(d) Changes in Liabilities arising from Financing Activities.

	1-Jul-19 $	Cash Flows $	Non-cash changes				30-Jun-20 $
			Initial application of AASB 16 $	Acquisition $	Fair Value Changes $	Reclassification $	
Borrowings	-	-	-	-	-	-	-
Lease liabilities	-	-	68,806.00	-	-	-	68,806.00
Total	**-**	**-**	**68,806.00**	**-**	**-**	**-**	**68,806.00**

Note 19. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

(d) Key management personnel shareholdings

The number of ordinary shares in Tumby Bay District Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2020	2019
Pascale Szypowski	-	-
Geoffrey Hales	5,000	5,000
Lorraine Deakin	2,000	2,000
Grantley Telfer	22,000	22,000
Thomas Tierney	5,000	5,000
Jo-Anne Powell	-	-
Cyril Hier	5,000	5,000
Hannah Allen-Jordan	-	-
Terri Christensen	-	-
David Reed	-	-
	39,000	**39,000**

Note 19. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings (continued)

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

Note 20. Events after the reporting period

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

Note 21. Contingent liabilities and contingent assets

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

Note 22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in Tumby Bay and Cleve, South Australia. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2019: 100%).

Note 23. Commitments

(a) Operating lease commitments

	2020 $	2019 $
Payable:		
- no later than 12 months	-	29,124
- between 12 months and five years	-	116,496
- greater than five years	-	-
Minimum lease payments	**-**	**145,620**

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year.

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

(b) Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

Payable - minimum lease payments:		
- no later than 12 months	-	14,912
- between 12 months and five years	-	-
- greater than five years	-	-
Minimum lease payments	**-**	**14,912**
Less future interest charges	-	-
Finance lease liability	**-**	**14,912**

Finance leases comprises of a liability to repay franchise fees over a five year term.

Note 24. Company details

The registered office and principal place of business is: 7 North Terrace, Tumby Bay SA 5605.

Note 25. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 9 Financial Instruments as detailed in the accounting policies are as follows:

	Note	2020 $	2019 $
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	16,926	7,156
- Trade and other receivables	6	64,774	36,389
total financial assets		**81,700**	**43,545**
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	11	17,465	18,677
- Borrowings	12	-	14,912
- Lease Liabilities	13	44,633	-
- Bank overdraft	12	427,307	451,794
Total financial liabilities		**489,405**	**485,383**

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 6.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

Note 25. Financial instrument risk (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition the company has established an overdraft facility of $525,000 with Bendigo and Adelaide Bank Limited. The undrawn amount of this facility is $97,693 (2019: $98,206).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The Bank overdraft facility is subject to annual review, may be drawn at any time, and may be terminated by the bank without notice. Therefore the balance of the overdraft facility outstanding at year end could become repayable within 12 months.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2020	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	0.00%	16,926	16,926	-	-
- Trade and other receivables	0.00%	64,774	64,774	-	-
Total anticipated inflows		**81,700**	**81,700**	**-**	**-**
Financial liabilities					
- Trade and other payables	0.00%	17,465	17,465	-	-
- Borrowings	0.00%	-	-	-	-
- Lease Liabilities	4.50%	44,633	25,072	19,561	
- Bank overdraft	0.00%	427,307	427,307	-	-
Total expected outflows		**489,405**	**469,844**	**19,561**	**-**
Net inflow / (outflow) on financial instruments		**(407,705)**	**(388,144)**	**(19,561)**	**-**

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
- Cash and cash equivalents	0.00%	7,156	7,156	-	-
- Trade and other receivables	0.00%	36,389	36,389	-	-
Total anticipated inflows		**43,545**	**43,545**	**-**	**-**

Note 25. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities					
- Trade and other payables	0.00%	18,677	18,677	-	-
- Borrowings	0.00%	14,912	14,912	-	-
- Lease Liabilities	0.00%	-	-	-	-
- Bank overdraft*	0.00%	451,794	451,794	-	-
Total expected outflows		**485,383**	**485,383**	**-**	**-**
Net inflow / (outflow) on financial instruments		**(441,838)**	**(441,838)**	**-**	**-**

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The primary risks the company is exposed to is interest rate risk and other price risk. The company has no exposure to fluctuations in foreign currency.

<u>Interest rate risk</u>

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents.

<u>Sensitivity analysis</u>

The following table illustrates sensitivities to the company's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2020		2019	
	Profit $	Equity $	Profit $	Equity $
+/- 1% in interest rates (interest income)	169	169	72	72
+/- 1% in interest rates (interest expense)	(4,719)	(4,719)	(4,667)	(4,667)
	(4,550)	**(4,550)**	**(4,596)**	**(4,596)**

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Directors' declaration

In accordance with a resolution of the Directors of Tumby Bay District Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 40 are in accordance with the *Corporations Act 2001* and:
   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   (ii) give a true and fair view of the company's financial position as at 30 June 2020 and of the 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 resolution is made in accordance with a resolution of the Board of Directors.

Grantley Telfer
Director

Signed at Tumby Bay on 8th October 2020.

Independent audit report

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT

To the Members of Tumby Bay District Financial Services Limited

Opinion

We have audited the financial report of Tumby Bay District Financial Services Limited (**Company**), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

(a) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Other information

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

RSM

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

D J WALL
Partner
RSM Australia Partners

Adelaide, South Australia
Date: 8th October 2020

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ABN: 99 145 161 093
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/TumbyBayDistrictCommunityBankBranch

Bendigo Bank