

2021

Annual Report

**Tumby Bay District
Financial Services
Limited**

ABN 99 145 161 093



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Director History

Inaugural Directors	
Kevin Cook	Chairman
Wayne Branson	Deputy Chairman
Julie Elliott	Company Secretary
Ned Roberts	Treasurer
Donald Bawden	
Ian Fulton	
Robert Heath	
Hartley Modra	
Emma Pedler	
Malvern Telfer	

Previous Directors		
Hannah Allen-Jordan	Phil Hoskin	Janet Shepherd
Lyndon Crosby	Damian Modra	Anne Swaffer
Tania Harris	JoAnne Powell	Paul Stoddard
Stephen Hibbit	Sally Richardson	Tom Tierney
Cyril Hier	Nerissa Schuster	Helen Ware

Chairman's report

For year ending 30 June 2021

On behalf of the Board of Directors I commend this Chairman's report to the shareholders.

We are excited that we have reached the tenth year of operation. This report covers the 2020/21 financial year of operation of the Tumby Bay District Financial Services Limited operating Community Bank Tumby Bay District under a franchise agreement with the Bendigo and Adelaide Bank Limited.

The Bank's business footings started the year at close to \$78.85 million on 30 June 2020 but despite steady growth throughout the year, ended only slightly higher on 30 June 2021 at \$79.25 million. The Branch Manager explains in her report in some detail why this has occurred.

While the financial environment we operate in remains very competitive, I am able to report that Tumby Bay District Financial Services Limited has recorded an operating profit of \$18,127, this is a decrease on last year's profit of \$34,788. The overdraft has now reduced from \$427,307 to \$356,710 over the financial year. The Board continues to look at ways of improving the Bank's position in a challenging banking environment.

I take this opportunity to thank our Branch Manager, Judy Arbery and the staff for their dedication to their duties. Community Bank Tumby Bay District and Cleve Agency continue to provide a high standard of banking service to the community through the local team at Tumby Bay and the staff at the Cleve Agency and the support of Chris Miller from Rural Bank and the Bendigo Bank Business lenders.


I thank all the Directors for their willingness to volunteer their time to the Board this past year. None of the Board receives any remuneration for their role. Our serving Directors are Donald Bawden as Deputy Chair, Melissa Partridge, Lorraine Deakin and David Reed, with Geoff Hale resigning in March for family reasons. I also would like to thank Janet Shepherd for continuing her role as Company Secretary. I sincerely thank Ned Roberts for his long service, time, effort and commitment to the Treasurer's duties.

Our Cleve Agency committee continues to promote the Community Bank through local sponsorship and attendance at events. Two of the current Directors, David Reed and Lorraine Deakin are from the Cleve District and I thank them for their service and commitment to travel a long distance to attend the monthly Board meeting and events in their area.

Our Community Bank and Agency continues to support local community groups and not-for-profit community organisations through our Market Development Fund. The Board thanks those shareholders who have supported their company, Tumby Bay District Financial Services Limited, through banking with their local Bendigo Bank branch.

Being part of the Bendigo Bank community is more than just banking; everyday our customers help change lives, simply by banking with us. This year we have contributed to mentoring, education facilities, sport and recreation facilities, special events and the preservation of our local history. Everyday banking is providing all this.

You may not think who you bank with matters, but it does make a real difference. Please give your local team the opportunity to help you with your financial requirements and be part of something better.



Grantley Telfer
Chairman

Manager's report

For year ending 30 June 2021

As we navigated our way through another year, we have again faced unprecedented low interest rates and learned to adapt and move swiftly to keep up with ever changing influences of life with COVID-19.

Freedom of movement and interaction have shifted and consequently our need to use digital channels and connectivity to conduct banking transactions. Bendigo Bank has moved quickly to adopt and advance our technology to make it easier for our customer to transact whether it is for a loan or a simple transaction.

Some things remain unchanged and that is our connection with our customers and our expertise to help our customers move through the various stages of their lives with banking services.

We continue to provide community contributions to feed into the prosperity of our communities here in Tumby Bay and Cleve by way of sponsorship to the value of \$45,700 for the financial year 2020 and more than \$208,000 overall.

Some of the organisations and clubs who have received sponsorships this year are:

Youth Opportunities	Traders Trail
Cleve A H & F Society	Schools and Kindergarten
Dark Peake Play Centre	Tumby Bay Lions Pageant
Arno Bay Board Walk	Sporting Clubs - various
Tumby Bay Homes Inc	Excell Museum
Cleve Men's Shed	

The official cash rate was reduced from 0.25% to 0.10% in November and has remained unchanged. Federal Government lending initiatives along with lower interest rates has stimulated the home buying and construction market. We are one of the lenders approved to participate in the Government's schemes. Community Bank Tumby Bay District recorded growth in application numbers for the financial year. Settlements will rollover into the next financial year with home buyers challenged by a high demand for properties.

Many investors continue to consider alternatives to cash investment such as property and shares and this has impacted deposits growth.

Results for core product groups:

Lending	Deposits	Other business	Overall growth
-4.24%	+5.72%	-0.49%	0.48%

Overall growth at the end of May 2021 was 3.44%. June figures were impacted by Rural Bank deposits and loan balances reducing and driving the overall growth down for the financial year.

I express gratitude to our Board of Directors who give willingly and voluntarily of their time to provide the governance of this company. I appreciate their strong belief and commitment to the Community Bank model and the impact we have on this community, by way of quality banking products, services, and community investment.

A special mention for our Treasurer Ned Roberts. Ned has served as Treasurer since the conception of our branch and since he retired as a Director continued to serve in this role. Anne Swaffer has also remained involved by working with our Sponsorship committee and we appreciate her input.

Manager's report (continued)

The branch team need to be recognised for their tireless dedication and commitment to growing the business. The team consists of Karlee Dunn, Anita Pedemonte, Michelle Parker, Katish Carr, Janet Shepherd and myself. We have accumulated 43 years with the Tumby Bay District community between us. Hannah Lienert resigned after taking a period of parental leave. Karlee Dunn has also taken parental leave returning in 2021. We pride ourselves on our knowledge and professionalism that comes with experience.

We also have the support of our specialist business partners, Chris Miller, Relationship Manager for Rural Bank, Darren Goodwin and Tiffany Franklin, Bendigo Bank Business Banking Relationship Managers. Together, with these specialists, we provide holistic banking solutions for every life stage. Where many business and agribusiness customers are seeing reduced face-to-face services with their Relationship Managers, we continue to prioritise a 'local' providing you with personal face-to-face service.

Our purpose remains unchanged from the conception of Bendigo Bank in 1858, and that is to feed into the prosperity of customers and community, not off it. As shareholders, we ask you to further support us in achieving this purpose.

Do you value face-to-face interactions with your Business Managers and quality banking products and service?

Do you want to support a local business who invests in your schools, clubs, and community groups?

Do you want more financial support for the clubs, schools, and community groups your family participate in?

We ask you to come and speak with one of our team of professional bankers. We are here to support our customers achieve their individual personal and business goals and see our local community thrive off the back of your banking.



Judy Arbery
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2021

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

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

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

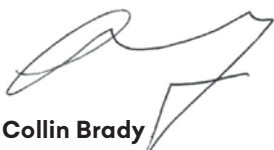
Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

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

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

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

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



Collin Brady
Head of Community Development

Donations and sponsorships

Name of recipient	Description	\$
Donations		
Cleve Play Group	Outdoor Play Space	909
Cleve AH&F Society	Motor Cross Spectacular	909
Bombers Softball Club	New equipment, gloves etc	909
Cleve Men's Shed	Signage	199
Tumby Bay Homes	Defibrillator	1,000
Cleve AH&F Society	Building Maintenance	1,000
Cleve Men's Shed	Materials for Projects	1,000
Arno Bay Board Walk	Upgrade Board Walk	1,909
Darke Peak Play Centre	Build Shed	800
Cleve Probus Club	Microphones	909
Cleve Sporting Bodies	Resurface Courts	909
Cleve Bowls Club	Bar Stools	909
Darke Peak Play Centre	Vacuum Cleaner	909
Cleve Hospital Auxiliary	Hospital Bus	909
Cleve Men's Shed	Hand Tools	909
Cleve Uniting Church	Maintenance Toilets	909
Total donations paid		14,998
Sponsorship		
Cleve Men's Shed	Upgrade Kitchen Facility	2,550
Tumby Bay Area School	Intervention Program	2,085
Roberts Verran Ag Bureau	Field Day Inspection	1,500
Cleve Golf Club	Golf Tournament	400
Franklin Harbour Ag Bureau	Field Day Inspection	200
Tumby Bay Tennis Club	Kitchen Upgrade	1,000
Cleve Play Group	Landscaping Yard	2,000
Cleve Men's Shed	Enclose an area of shed	1,000
Tumby Bay Bowling Club	Advertising at Club	400
Cleve National Trust	Erect Shed	500
Port Neill Primary School	Lunch Shed Upgrade	500
Ungarra Progress Association	Ungarra Gym facilities	730
Cleve Area School	Student Awards	250
Cleve Bowls Club	Bowls Carnival	1,500
Tumby Bay Lions Club	Tumby Bay Christmas Pageant	50
Port Neill Bowls Club	Bowls Carnival	500
Cummins District Financial Services	Air EP program	1,000

Name of recipient	Description	\$
Sponsorship		
Tumby Bay Area School	Student Awards	240
Arno Bay Bowls Club	Bowls Carnival	500
Arno Bay Progress Association	A Taste of Arno	1,000
Ports Football & Netball Club	Annual Sponsorship	2,000
Cleve Bowls Club	Bowls Carnival	1,000
Eastern Ranges Football & Netball	Annual Sponsorship	2,000
Eastern Eyre Football League	Annual Sponsorship	1,000
Darke Peak Golf Club	Hole Flags	300
Cleve Area School	Career & Employment Expo	1,000
Cummins District Financial Services	Bowls Carnival	500
Port Neill Primary School	Sports Carnival	150
Tumby Bay Tennis Club	Annual Sponsorship	300
Ungarra Primary School	Colour Run	150
Youth Opportunities	Youth Leadership Training	2,000
Eyre United Netball Club	Annual Sponsorship	300
Tumby Bay Netball Club	Annual Sponsorship	300
Excell Museum	Defibrillator	1,800
Total sponsorship paid		30,705
2020/21 Grand total		45,703
Total contributions since 2011		208,696
Bendigo Bank Mortlock Shield	EP Community Banks – Cummins, Port Lincoln, Tumby Bay – collaborative marketing	15,000

If you are involved with a community organisation or sporting club, Community Bank Tumby Bay and Bendigo Bank Cleve Agency welcomes your banking.

Directors' report

For the financial year ended 30 June 2021

The Directors present their report of the company for the financial year ended 30 June 2021.

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
Grantley Telfer	Chairperson, agricultural business proprietor, member of Redcliff camp property committee, experience in property development.
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.
David Reed	Retired school teacher, committee member of Cleve Men's Shed Inc, member of Cleve National Trust.
Geoffrey Hales	Resigned 20th April 2021, Clerical/pay officer, wool testing, industrial relations, business owner for 20 years, worked in bank agency.
Terri Christensen	Resigned 13th November 2020, Bachelor of Arts in Business Administration, experience in marketing & communications management, prior experience as director & secretary of a Bendigo Bank branch.
Pascale Szypowski	Resigned 12th November 2020, Doctor of Pharmacy, pharmacist at PLHS, ACID trained director, previous director/secretary of Katherine Community Bank, director of Professional Board of Pharmacy Tasmania, business owner for 12 years.
Melissa Partridge	Appointed 12th November 2020, WHS & Injury Management Practitioner with over 17 years experience in private and public sector, family business owner for 20 years.
Donald Bawden	Appointed 12th November 2020, Retired agricultural business proprietor, long term member CFS, Lions and sporting clubs, served on community bank board previously.

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

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

Company Secretary

Janet Shepherd has been the Company Secretary of Tumby Bay District Financial Services Limited from 2015 until 22nd January 2020 and then again from 13th November 2020. Janet's qualifications and experience include a Diploma in Retail Business Management, former director, and involved in local community groups

Directors' report (continued)

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings		Audit Committee meetings	
	A	B	A	B
Grantley Telfer	11	11	1	1
Lorraine Deakin	11	11	N/A	-
David Reed	10	5	N/A	-
Geoffrey Hales	8	7	1	1
Terri Christensen	4	4	N/A	-
Pascale Szypowski	4	4	N/A	-
Melissa Partridge	7	5	1	1
Donald Bawden	7	7	1	1
Edward Roberts			2	2

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

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 \$18,127 (2020 profit: \$34,788), which is a 47.9% decrease as compared with the previous year.

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.

Directors' report (continued)

Events subsequent to the end of the reporting period

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

No other 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 and expected results of operations

The company will continue its policy of providing banking services to the community. Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulations

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

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, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company against a liability incurred by the auditor.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report. No Officer of the company is or has been a partner of the Auditor of the company.

Auditor

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

This report is made 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 behalf of the directors


Grantley Telfer
Director

Date 27-9-21

Auditor's independence declaration



RSM Australia Partners

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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 2021, 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.

A handwritten signature in black ink that reads "David Wall".

DAVID WALL
Partner
RSM Australia Partners

Adelaide, South Australia
Date: 28 September 2021

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RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

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

	Notes	2021 \$	2020 \$
Revenue	2	507,150	547,578
Expenses			
Employee benefits expense	3	(249,539)	(274,826)
Depreciation and amortisation	3	(52,277)	(59,403)
Finance costs	3	(2,029)	(2,597)
Other expenses		(139,509)	(144,606)
		(443,354)	(481,432)
Operating profit before charitable donations and sponsorship		63,796	66,146
Charitable donations and sponsorship		(45,669)	(31,358)
Profit before income tax		18,127	34,788
Income tax expense	4	-	-
Profit for the year after income tax		18,127	34,788
Other comprehensive income		-	-
Total comprehensive income for the year		18,127	34,788
Profit attributable to members of the company		18,127	34,788
Total comprehensive income attributable to members of the company		18,127	34,788

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	5	6,596	16,926
Trade and other receivables	6	25,964	64,774
Other assets	7	7,310	6,933
Total current assets		39,870	88,633
Non-current assets			
Property, plant and equipment	8	27,389	64,245
Intangible assets	9	61,161	10,149
Total non-current assets		88,550	74,394
Total assets		128,420	163,027
Liabilities			
Current liabilities			
Trade and other payables	11	12,947	17,465
Borrowings	12	371,168	427,307
Leases	13	19,562	25,071
Provisions	14	31,781	45,248
Total current liabilities		435,458	515,091
Non-current liabilities			
Borrowings	12	43,375	-
Leases	13	-	19,562
Provisions	14	17,793	14,709
Total non-current liabilities		61,168	34,271
Total liabilities		496,626	549,362
Net assets		(368,206)	(386,335)
Equity			
Issued capital	15	863,359	863,359
Accumulated losses	16	(1,231,567)	(1,249,694)
Total equity		(368,208)	(386,335)

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020		863,359	(1,249,694)	(386,335)
Comprehensive income for the year				
Profit for the year		-	18,127	18,127
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	17	-	-	-
Balance at 30 June 2021		863,359	(1,231,567)	(368,208)
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
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	17	-	-	-
Balance at 30 June 2020		863,359	(1,249,694)	(386,335)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		579,067	519,168
Payments to suppliers and employees		(485,144)	(439,478)
Interest paid		-	(2,597)
Interest received		13	25
Net cash flows provided by operating activities	18b	93,936	77,118
Cash flows from investing activities			
Purchase of intangibles		(64,436)	-
Purchase of property, plant and equipment		(1,995)	(3,976)
Net cash flows used in investing activities		(66,431)	(3,976)
Cash flows from financing activities			
Proceeds from borrowings		72,292	(14,912)
Repayment of borrowings		(14,459)	-
Repayment of lease liabilities		(25,071)	(23,973)
Net cash flows from/(used in) financing activities		32,762	(38,885)
Net increase in cash held		60,267	34,257
Cash and cash equivalents at beginning of financial year		(410,381)	(444,638)
Cash and cash equivalents at end of financial year	18a	(350,114)	(410,381)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

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 27th of September 2021.

1. Summary of significant accounting policies

(a) Basis of preparation

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

Going Concern

For the period ended 30 June 2021, the company has continued to perform in line with the Directors' expectations and earned a net profit of \$18,127, and had net cash flows generated by operating activities of \$93,935 which reduced the overdraft balance by \$70,597. However, as at that date, the company had net current liabilities of \$395,588 and net liabilities of \$368,206 of which \$356,710 relates to the company's overdraft facility through which the company meets its day to day working capital requirements. These factors may cast doubt on the company's ability to continue as going concern.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Going Concern (continued)

Notwithstanding these conditions, 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 report after consideration of the following factors:

- The overdraft has an approved limit of \$525,000 of which \$168,290 had not been drawn down at reporting date.
- Bendigo and Adelaide Bank Limited, the provider of the Company's overdraft facility, have indicated their intention to continue to support to the Company for as long as it continues to satisfy its obligations under its franchise agreement, and continues to work with the bank to develop its business operations. The facility will remain on commercial terms and conditions, with the intention to assist the Company to meet its working capital requirements.
- The Directors continue to review their growth forecast budget and cash flows on an ongoing basis, and continue to implement measures to reduce the company's overdraft, and operate at a profit.

(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 judgements, estimates and assumptions

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:

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.

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.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(e) Critical accounting judgements, estimates and assumptions (continued)

Coronavirus (Covid-19) pandemic

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

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

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 or amended Accounting Standards and Interpretations adopted

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

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

(g) New or amended Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2021. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

Notes to the financial statements (continued)

2. Revenue

	2021 \$	2020 \$
Revenue		
- service commissions	443,659	450,530
	443,659	450,530
Other revenue		
- interest received	13	25
- salary contribution - Bendigo and Adelaide Bank	31,800	63,600
- cash flow boost	17,856	29,760
- other revenue	13,822	3,663
	63,491	97,048
Total revenue	507,150	547,578

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for services rendered, 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.

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

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.

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.

Notes to the financial statements (continued)

2. Revenue (continued)

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.

- 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.

3. Expenses

	2021 \$	2020 \$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	214,243	231,342
- superannuation costs	20,576	22,591
- other costs	14,720	20,893
	249,539	274,826
Depreciation and amortisation		
Depreciation		
- buildings	24,947	24,948
- leasehold improvements	11,886	19,607
- plant and equipment	2,020	1,292
	38,853	45,847
Amortisation		
- franchise fees	13,424	13,556
	13,424	13,556
Total depreciation and amortisation	52,277	59,403
Finance costs		
- Interest paid	2,029	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

Notes to the financial statements (continued)

3. Expenses (continued)

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.

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.

4. Income tax

	2021 \$	2020 \$
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 26% (2020: 27.5%)	4,713	9,567
Add tax effect of:		
- Other allowable items	(4,704)	(4,252)
- Deferred tax asset not brought to account	(9)	(5,315)
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.	316,142	331,500

Notes to the financial statements (continued)

4. Income tax (continued)

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.

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.

5. Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	6,596	16,926
	6,596	16,926

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.

	2021 \$	2020 \$
<i>Reconciliation of cash</i>		
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:		
As per the statement of financial position	6,596	16,926
(Less) Bank overdraft	(356,710)	(427,307)
As per the statement of cash flows	(350,114)	(410,381)

6. Trade and other receivables

	2021 \$	2020 \$
Current		
Trade receivables	20,012	36,266
Other receivables	5,952	28,508
	25,964	64,774

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

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.

Notes to the financial statements (continued)

6. Trade and other receivables (continued)

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			
			< 30 days \$	31-60 days \$	> 60 days \$	Past due and impaired \$
2021						
Trade receivables	20,012	20,012	-	-	-	-
Other receivables	5,952	5,952	-	-	-	-
Total	25,964	25,964	-	-	-	-
2020						
Trade receivables	36,266	36,266	-	-	-	-
Other receivables	28,508	28,508	-	-	-	-
Total	64,774	64,774	-	-	-	-

7. Other assets

	2021 \$	2020 \$
Prepayments	7,310	6,933
	7,310	6,933

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.

8. Property, plant and equipment

	2021 \$			2020 \$		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements - at cost	196,060	(193,165)	2,895	196,060	(181,279)	14,781
Plant and equipment - at cost	24,909	(19,126)	5,783	22,596	(16,790)	5,806
Leased Assets	68,606	(49,895)	18,711	68,606	(24,948)	43,658
Total property, plant and equipment	289,575	(262,186)	27,389	287,262	(223,017)	64,245

Notes to the financial statements (continued)

8. Property, plant and equipment (continued)

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

A right-of-use leased asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred.

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter.

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 2021 (2020: None)

(b) Movements in carrying amounts of PP&E

	Leasehold Improvements \$	Buildings \$	Plant & Equipment \$	Total \$
2021				
Opening carrying value	43,658	14,781	5,806	64,245
Additions			1,997	1,997
Depreciation	(24,947)	(11,886)	(2,020)	(38,853)
Closing carrying value	18,711	2,895	5,783	27,389
2020				
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

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

	2021 \$
Properties	18,711
Total right-of-use assets	18,711

Notes to the financial statements (continued)

8. Property, plant and equipment (continued)

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

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	(49,895)	-	(49,895)
	18,711	-	18,711

Movements in carrying amounts:

	Leased Building \$	Leased Plant and Equipment \$	Total Right of Use Asset \$
Recognised on initial application of AASB 16			
- opening carrying value of operating leases	43,658	-	43,658
- transferred from property, plant & equipment	-	-	-
Additions	-	-	-
Depreciation expense	(24,947)	-	(24,947)
Net carrying amount	18,711	-	18,711

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

	2021 \$	2020 \$
Depreciation charge related to right-of-use assets	24,947	24,948
Interest expense on lease liabilities	2,029	2,597

9. Intangible assets

	2021 \$			2020 \$		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	64,436	(3,275)	61,161	77,781	(67,632)	10,149
Total intangible assets	64,436	(3,275)	61,161	77,781	(67,632)	10,149

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.

Notes to the financial statements (continued)

9. Intangible assets (continued)

Movements in carrying amounts

	Opening written down value \$	Additions \$	Amortisation \$	Closing written down value \$
2021				
Franchise fees	10,149	64,436	(13,424)	61,161
Total intangible assets	10,149	64,436	(13,424)	61,161
2020				
Franchise fees	23,705	-	(13,556)	10,149
Total intangible assets	23,705	-	(13,556)	10,149

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.

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.

11. Trade and other payables

	2021 \$	2020 \$
Current		
<i>Unsecured liabilities:</i>		
Trade Creditors	2,015	436
GST Payable	977	7,417
Other creditors and accruals	9,955	9,612
	12,947	17,465

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. Due to their short-term nature they are measured at amortised cost and are not discounted. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

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

12. Borrowings

	2021 \$	2020 \$
Current		
<i>Unsecured liabilities</i>		
Bank overdraft	356,710	427,307
Bank franchise fee renewal	14,458	-
	371,168	427,307

Notes to the financial statements (continued)

12. Borrowings (continued)

	2021 \$	2020 \$
Non current		
Bank franchise fee renewal	43,375	-
	43,375	-
Total borrowings	414,543	427,307

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 was not subject to interest costs during the financial year.

13. Leases

	2021 \$	2020 \$
Current		
Property Leases	19,562	25,071
	19,562	25,071
Non-current		
Property Leases	-	19,562
	-	19,562
Total leases	19,562	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.

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable.

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:

	Carrying amount (Note 8)	Depreciation Expense	Impairment
Property Leases	43,658	24,947	-
	43,658	24,947	-

Notes to the financial statements (continued)

14. Provisions

	2021 \$	2020 \$
Current		
Employee benefits	31,781	45,248
Non-current		
Employee benefits	17,793	14,709
Total provisions	49,574	59,957

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

Short-term employee benefits

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.

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.

15. Share capital

	2021 \$	2020 \$
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.

	2021 \$	2020 \$
(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.

Notes to the financial statements (continued)

15. Share capital (continued)

(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%.

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.

16. Accumulated losses

	2021 \$	2020 \$
Balance at the beginning of the reporting period	(1,249,694)	(1,284,482)
Profit for the year after income tax	18,127	34,788
Dividends paid	-	-
Balance at the end of the reporting period	(1,231,567)	(1,249,694)

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. (2020: nil)

18. Statement of cash flows

	2021 \$	2020 \$
(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)	6,596	16,926
Less bank overdraft (Note 12)	(356,710)	(427,307)
As per the Statement of Cash Flow	(350,114)	(410,381)
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit for the year after income tax	18,127	34,788
Non-cash flows in profit		
- Depreciation and amortisation	52,277	59,403

Notes to the financial statements (continued)

18. Statement of cash flows (continued)

	2021 \$	2020 \$
(b) Reconciliation of cash flow from operations with profit after income tax (continued)		
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	38,810	(28,385)
- (increase) / decrease in prepayments and other assets	(377)	377
- Increase / (decrease) in trade and other payables	(4,518)	(1,212)
- Increase / (decrease) in provisions	(10,383)	12,147
Net cash flows from operating activities	93,936	77,118

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft amounting to \$525,000 (2020: \$525,000). This may be terminated at any time at the option of the bank. At 30 June 2021, \$356,710 of this facility was used (2020: \$427,307). No interest expense applies to this overdraft facility as this has been waived by Bendigo Bank.

(d) Changes in Liabilities arising from Financing Activities

	1-Jul-20 \$	Cash Flows \$	Initial application of AASB 16 \$	Acquisition \$	Fair Value Changes \$	Reclassification \$	30-Jun-21 \$
Borrowings	-	57,833.00	-	-	-	-	57,833.00
Lease liabilities	44,633.00	(25,071.00)	-	-	-	-	19,562.00
Total	44,633.00	32,762.00	-	-	-	-	77,395.00

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:

	2021	2020
Grantley Telfer	22,000	22,000
Lorraine Deakin	2,000	2,000
David Reed	-	-
Geoffrey Hales	5,000	5,000
Terri Christensen	500	500
Pascale Szypowski	-	-

Notes to the financial statements (continued)

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

(d) Key management personnel shareholdings (continued)

	2021	2020
Melissa Partridge	-	-
Donald Bawden	21,051	-
	50,551	29,500

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.

20. Events after the reporting period

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

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

21. Contingent liabilities and contingent assets

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

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 service commissions revenue (2020: 100%).

23. Commitments

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

24. Company details

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

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:

Notes to the financial statements (continued)

25. Financial instrument risk (continued)

Specific financial risk exposure and management (continued)

	Note	2021 \$	2020 \$
Financial assets			
Financial assets at amortised cost:			
- Cash and cash equivalents	5	6,596	16,926
- Trade and other receivables	6	25,964	64,774
Total financial assets		32,560	81,700
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	11	12,947	17,465
- Borrowings	12	57,833	-
- Lease Liabilities	13	19,562	44,633
- Bank overdraft	12	356,710	427,307
Total financial liabilities		447,052	489,405

(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.

(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 \$168,290 (2020: \$97,693).

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.

Notes to the financial statements (continued)

25. Financial instrument risk (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2021					
Financial assets					
- Cash and cash equivalents	0.00%	6,596	6,596	-	-
- Trade and other receivables	0.00%	25,964	25,964	-	-
Total anticipated inflows		32,560	32,560	-	-
Financial liabilities					
- Trade and other payables	0.00%	12,947	12,947	-	-
- Borrowings	0.00%	57,833	14,458	43,375	-
- Lease Liabilities	4.50%	19,562	19,562	-	-
- Bank overdraft	0.00%	356,710	356,710	-	-
Total expected outflows		447,052	403,677	43,375	-
Net inflow / (outflow) on financial instruments		(414,492)	(371,117)	(43,375)	-

	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
30 June 2021					
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	25,071	19,562	-
- Bank overdraft*	0.00%	427,307	427,307	-	-
Total expected outflows		489,405	469,843	19,562	-
Net inflow / (outflow) on financial instruments		(407,705)	(388,143)	(19,562)	-

* 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.

Interest rate risk

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.

Notes to the financial statements (continued)

25. Financial instrument risk (continued)

(c) Market risk (continued)

Interest rate risk (continued)

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

Sensitivity analysis

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.

	2021		2020	
	Profit \$	Equity \$	Profit \$	Equity \$
+/- 1% in interest rates (interest income)	66	66	169	169
+/- 1% in interest rates (interest expense)	(4,341)	(4,341)	(4,719)	(4,719)
	(4,275)	(4,275)	(4,550)	(4,550)

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

26. Fair value measurement

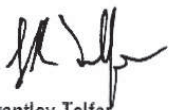
The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

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 5 to 30 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 2021 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 21st September 2021.

Independent audit report



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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 2021, 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 2021 and of its financial performance for the year then ended; and
- (b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and 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.

THE POWER OF BEING UNDERSTOOD

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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.

A handwritten signature in black ink, appearing to read "D J Wall".

D J WALL
Partner
RSM Australia Partners

Adelaide, South Australia
Date: 28 September 2021

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Franchisee:

Tumby Bay District Financial Services Limited

ABN: 99 145 161 093

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(BNPAR21084) (10/21)