

# Annual Report 2020

Wandin Seville Financial  
Services Limited

Community Bank  
Wandin Seville

ABN 33 098 648 296



# CHAIRMAN'S AGM REPORT 2020

The last 12 months has been a year that has presented challenges beyond anyone's expectation, with the devastating bushfires and COVID-19.

As reported last year the Branch was relocating to new premises on Warburton Highway and successfully opened at the new site in early February 2020. This presents a significant opportunity to provide the business with a solid position to tackle the uncertainty of the current economic environment and the changes in Banking.

The Government restrictions that were implemented in March/April, and that are still in place necessitated the ongoing requirement to modify the staff hours and review opening times. These measures were put in place to protect the Staff and Customers whilst minimising the impact on the Business. All the staff are to be commended for there dedication and commitment to our customers and the Business.

The ATM at Seville was closed in December and the ATM at Wandin relocated into the new Branch location. Nationally the use of ATM's continues to diminish, and the impact of the COVID-19 restriction has also made an impact on our revenue.

As a Director our duties are a central part of corporate law and corporate governance. Under the Corporations Act 2001 and under general law the fiduciary the statutory duties of a Director are to act in good faith and in the interest of the company and act within due diligence.

We continue to have an ongoing relationship with our partner Bendigo and Adelaide Bank Limited (BEN) and work closely with them to help grow the business, with the main focus being with the Branch. BEN continues to review their operation to minimise the impact of COVID-19 on the staff, customers, and profitability.

Initiatives undertaken by our Board of Directors and the results delivered by the Branch have provided an after, the provision for income tax, a profit of \$307,916, a modest increase on the 2019 profit of \$265,384. However, the profit is inflated by a delay in payment for the new Branch fit out and a decline in Community contributions resulting from Government restrictions due to the impact of the COVID-19 pandemic.

It should be noted that considering the uncertainty in the current and future economic climate, future profits and subsequent Dividends may be impacted.

For the 2019/2020 financial year a 10c per share fully franked dividend will be provided to our shareholders.

During this time of difficulties, the Board will not compromise our commitment to support local organisations who do so much for our community. Wandin Seville Financial Services Limited has this year committed over \$25,000 to our community, and since our Community Bank branch has been operating this total is more than \$1,300,000.

The banking and the finance sectors continue to be extremely competitive, with tightened margin on products and aggressive marketing within the national sector. With the flow on effect from the Royal Commission, and the reduction in interest rates from the Reserve Bank of Australia, have impacted an already complex marketplace.

The Board, through our Banking staff continue to work closely with our Partner (BEN) to generate productive revenue, but the challenges are increasing.

It is more important now than ever, as a shareholder you promote the values and benefits of the Community Banking Model and the benefits to the community from supporting our Community Bank Branch.

As a shareholder, we thank you for your ongoing support, and I put the ongoing challenge to you to take the time to help us grow your business. If every single one of our shareholders referred one new customer to the Wandin Seville Community Bank branch – there would be a significant growth in our business. And ultimately, the benefits to our community with a greater pool of funds to distribute to community groups and projects. Jackie Butler, our Branch Manager is ready to act on your referrals. Please make yourself known to Jackie and help us help your Community Bank company and our local community.

Also, if you are not already a customer, please consider your options and organise a confidential appointment with our Branch Manager.

I take this opportunity to thank my fellow directors who play an integral part on the Board of Directors for the Wandin Seville Financial Services limited, **ALL** of our staff and the staff at BEN that we have close interaction, for their ongoing support, never more so this year with the challenges of moving the Branch, the bush fires and the Covid-19 pandemic.

I look forward to seeing all shareholders and interested stakeholders at our Annual General Meeting on 30th November 2020.

Due to restrictions this will be a virtual meeting and details will be available closer to the date.

A handwritten signature in black ink, appearing to read 'R. S. Barrett'.

Ray Barrett

Chairman

# MANAGER'S ANNUAL REPORT 2019/2020

As of 30th June 2020, Wandin Seville Community Bank Branch held combined footings of \$153.3 million which included \$55.8 million in lending and \$90.9 million in deposits and \$6.6 million in other banking business.

The highlight for us this year was definitely the move to our new premises on Warburton Highway and it has been great to hear how staff and customers alike have taken to the modern and open workspace.

We achieved a growth rate of 2.8% in a year that had presented more than the usual challenges such as continuing low interest rates, high levels of debt reduction and State of Emergency due to the COVID 19 Pandemic. This environment had resulted in reduction in branch hours which affected customer foot traffic in the branch and due to COVID, increased regulatory lending restrictions.

Unfortunately difficult but appropriate business decisions had to be made in March/April, due to the government restrictions and has continued on in to the New Financial Year with the reduction in part time staff hours and the branch closure on Saturdays - these measures were put in place to protect both staff and customers alike by reducing the possibility of exposure on days that least affected the business as a whole.

We will continue to remain focused to ensure that we are building our business by providing continued superior customer service, competitive products/services and ensuring that the customer is at the forefront of everything we do.

I would like to acknowledge the efforts of our dedicated branch team Carolyn, Melanie, Liz and Jessica. They have all set an example of service to our customers and community especially in these unprecedented times.

I would like to sincerely thank the Board for their support in this challenging and unprecedented year. The board volunteer a tremendous amount of time to ensure the company provides positive community engagement and/or outcomes and this year was no different.

Lastly, I would like to thank our Customers, Shareholders and Community Organisations for their continued support in making this success possible. By banking with us, you have helped to provide over \$1.3million in grants/sponsorships which have been reinvested back into our local community.

In a difficult economic environment, to say the least, our branch has demonstrated its resilience by adapting to market conditions and changing times and that has enabled us to grow as noted previously.

We are still in uncharted waters in regards to this continuing pandemic and the cost to our local economy but we will be here to assist all our customers in all manner of ways: be it Mortgage Support, Home/Investment lending, Insurance, Business lending and support along with old fashioned over the counter service.

Jackie Butler



Branch Manager



**WANDIN SEVILLE  
FINANCIAL SERVICES LTD  
ABN 33 098 648 296**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2020**





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# WANDIN SEVILLE FINANCIAL SERVICES LTD

## DIRECTORS' REPORT

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The Directors submit their report of the Company for the financial year ended 30 June 2020.

### Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

Raymond Barrett Chairman  
Director  
Occupation : Company Director

Graeme Prime  
Director  
Occupation: Retired

Kim Parry  
Director  
Occupation: Real Estate Agent

Robert McDougall  
Director  
Occupation: Retired

Gavan McIntyre  
Director  
Occupation : Retired

James Brown  
Director  
Occupation: Retired

Susan Harmsworth  
Director  
Occupation: Retired

Jayantilal Naran  
Director  
Occupation : Small Business Owner

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

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

### Principal activities

The principal activities of the Company during the course of the financial year were in providing Community Bank® services under management rights to operate franchised branches of Bendigo Bank Limited.

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

### Operating results

The profit of the Company for the financial year after provision for income tax was \$307,917 (2019: \$265,043).

The net assets of the company have increased to \$2,129,598 (2019 \$1,874,513).

### Dividends

Dividends paid since the start of the financial year as follows:-

- a) A fully franked dividend of 10c per share (\$52,831.10) was paid during the year.

# WANDIN SEVILLE FINANCIAL SERVICES LTD

## DIRECTORS' REPORT

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### Significant changes in the state of affairs

During the 2019/20 Financial Year the Wandin branch relocated to rented premises at Warburton Highway Wandin North. The lease on the ATM at Seville expired and was not renewed.

In the opinion of the Directors there have been no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report.

### Significant events after the balance date

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

### Likely developments

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

### Environmental regulation

The company is not subject to any significant environmental regulation.

### Directors' benefits

No Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Company, controlled entity or related body corporate with a Director, a firm of which a Director is a member or an entity in which a Director has a substantial financial interest, other than disclosed below. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the Company's accounts, or the fixed salary of a full-time employee of the Company, controlled entity or related body corporate.

### Accounting and Taxation services

Accounting and taxation services are provided by the Field Group - Accounting.

### Indemnification and insurance of Directors and Officers

The company has paid premiums to insure directors under a Directors and Officers Insurance policy. The details of the indemnity insurance are as follows.

The company has entered into an insurance policy to indemnify each director, against any liability arising from a claim brought against the company and the directors by a third party for the supply of substandard services or advice. The agreement provides for the insurer to pay all damages and costs which may be brought against the directors.

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 or a related body corporate.

### Directors' meetings

#### The number of Directors Meetings held during the year was 11

Number of meetings attended by Directors:

Jim Brown	11
Jay Naran	10
Gavan McIntyre	9
Graeme Prime	9
Susan Harmsworth	11
Kim Parry	8
Raymond Barrett	11
Robert McDougall	10

## WANDIN SEVILLE FINANCIAL SERVICES LTD DIRECTORS' REPORT

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### Corporate governance

The Company has implemented various corporate governance practices which include:

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

### Corporate governance

The company's operations are not regulated by any environmental regulation under a law of the Commonwealth or of a State or Territory.

### Proceedings on Behalf of the Board

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.

### Company Secretary

The following person held the position of company secretary at the end of the financial year:  
Dannie McKinnon

No officer of the company/Group is or has been a partner/director of any auditor of the Group.

### ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191

The company is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars where stated.



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Raymond Barrett, Chairperson



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Graeme Prime, Director

Date:

24 September 2020 | 1:06:22 PM AEST

**WANDIN SEVILLE FINANCIAL SERVICES LTD**

**Auditor's Independence Declaration Under Section 307C Of The Corporations Act 2001**

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I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



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Ryan Mizael

Date: 24 September 2020

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Note</b>	<b>2020 \$</b>	<b>2019 \$</b>
Revenues from ordinary activities	2	1,140,393	1,183,809
Employee benefits expense	3	(386,146)	(385,371)
Charitable donations and sponsorship		(19,409)	(126,660)
Depreciation and amortisation expense	3	(32,465)	(33,605)
Finance costs	3	(4)	(157)
Other expenses from ordinary activities		(289,986)	(271,031)
Profit before income tax expense		412,382	366,985
Income tax expense	4	(104,466)	(101,942)
Profit after income tax expense		307,916	265,043
Other comprehensive income:			
Total comprehensive income attributable to members		307,916	265,043
Earnings per share (cents per share)			
- basic/ diluted earnings per share	23	0.58	0.50
- dividends paid per share		0.10	0.10

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	<b>Note</b>	<b>2020 \$</b>	<b>2019 \$</b>
Current assets			
Cash and cash equivalents	6	1,490,106	1,309,270
Trade and other receivables	7	108,316	104,965
Other	8	12,306	10,239
Total current assets		<u>1,610,727</u>	<u>1,424,474</u>
Non-current assets			
Property, plant and equipment	9	822,897	571,638
Deferred income tax asset	4	34,342	30,979
Intangible assets	10	327,422	39,175
Total non-current assets		<u>1,184,661</u>	<u>641,792</u>
Total assets		<u>2,795,389</u>	<u>2,066,266</u>
Current liabilities			
Trade and other payables	11	265,132	99,456
Borrowings	12	28,091	0
Tax payable		27,860	24,686
Short-Term provisions	13	22,179	35,552
Total current liabilities		<u>343,262</u>	<u>159,694</u>
Non-current liabilities			
Borrowings	12	261,654	
Long-term provisions	13	60,875	32,059
Total non-current Liabilities		<u>322,529</u>	<u>32,059</u>
Total liabilities		<u>665,791</u>	<u>191,753</u>
Net assets		<u>2,129,598</u>	<u>1,874,513</u>
Equity			
Share capital	14	528,311	528,311
Retained earnings	15	1,601,287	1,346,202
Total equity		<u>2,129,598</u>	<u>1,874,513</u>

The accompanying notes form part of these financial statements.

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020**

	<b>Note</b>	<b>2020</b> <b>\$</b>	<b>2019</b> <b>\$</b>
<b>Share Capital</b>			
Balance at start of year		528,311	528,311
Issue of share capital		-	-
Share issue costs		-	-
Balance at end of year		<u>528,311</u>	<u>528,311</u>
<b>Retained Earnings</b>			
Balance at start of year		1,346,202	1,133,990
Total comprehensive income		307,916	265,043
Dividends paid	22	<u>(52,831)</u>	<u>(52,831)</u>
Balance at end of year		<u>1,601,287</u>	<u>1,346,202</u>



**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Cash flows from operating activities		
Cash receipts in the course of operations	1,126,192	1,165,686
Cash payments in the course of operations	(680,602)	(756,829)
Interest received	14,200	18,112
Interest Paid	(4)	(158)
Income tax paid	(115,837)	(120,997)
Net cash flows from operating activities	<u>343,949</u>	<u>305,814</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(83,009)	(1,625)
Proceed from sale of Property, plant and equipment	-	-
Net cash flows used in investing activities	<u>(83,009)</u>	<u>(1,625)</u>
Cash flows from financing activities		
Interest expense on lease liability	(15,580)	-
Payment for principal elements of lease payments	(11,693)	
Repayment of borrowings	-	(3,704)
Dividend paid	(52,831)	(52,831)
Net cash flows used in financing activities	<u>(80,104)</u>	<u>(56,535)</u>
Net increase in cash held	180,836	247,654
Cash at beginning of financial year	1,309,270	1,061,616
Cash at the end of financial year	<u>1,490,106</u>	<u>1,309,270</u>

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

(a) Reconciliation of cash	2020 \$	2019 \$
Cash and cash equivalents	<u>1,490,106</u> <u>1,490,106</u>	<u>1,309,270</u> <u>1,309,270</u>
(b) Reconciliation of profit after tax to net cash provided from/(used in) operating activities		
Profit after income tax	307,916	265,043
<i>Add (Less) non-cash flows in profit from ordinary activities:</i>		
Depreciation & amortisation	32,465	33,605
Gain on sale of assets	-	-
<i>Add (Less): changes in assets &amp; liabilities</i>		
- (Increase) decrease in receivables	(4,595)	2,350
- (Increase) decrease in other assets	(822)	9,769
- Increase (decrease) in payables	(30,569)	18,789
- Increase (decrease) in provisions	(13,374)	(23,742)
- Increase (decrease) in other liabilities	52,928	
Net cash flows from/(used in) operating activities	<u>343,949</u>	<u>305,814</u>

# WANDIN SEVILLE FINANCIAL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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### 1. Basis of preparation of the Financial Report

#### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the 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 accrual 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 unless stated otherwise.

#### Economic dependency

The company has entered a franchise agreement with Bendigo & Adelaide Bank Limited that governs the management of the Community Bank branches at Wandin.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations 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.

#### (b) Income tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. 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.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred 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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

# **WANDIN SEVILLE FINANCIAL SERVICES LTD**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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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.

### **(c) Fair Value of assets and liabilities**

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

### **(d) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

#### **Property**

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

# WANDIN SEVILLE FINANCIAL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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### Plant and equipment

Plant and equipment are measured on the cost basis and 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 either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present for details of impairment).

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

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's 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 entity 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.

### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity 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 assets are:

Class of Asset	Depreciation rate
Buildings	2.5%
Plant & Equipment	10-20%

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.

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.

## **WANDIN SEVILLE FINANCIAL SERVICES LTD**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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#### **(e) Goods and services tax**

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.

#### **(f) Employee benefits**

##### **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 twelve 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 company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

##### **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 remeasurements 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.

#### **(g) Intangibles**

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. Leasehold improvements at Wandin Branch have been amortised over the lease term.

# **WANDIN SEVILLE FINANCIAL SERVICES LTD**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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### **(h) Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method. Dividend revenue is recognised when the right to receive a dividend has been established. All revenue is stated net of the amounts of goods and services tax.

Revenue is deferred when management fees are received upfront but where associated services are yet to be performed.

### **(i) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(g) for further discussion on the determination of impairment losses.

### **(j) Interest bearing liabilities**

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

### **(k) Provisions**

Provisions are recognised that when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation. A provision for dividend is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

### **(l) Contributed capital**

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

### **(m) Comparative Figures**

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

### **(n) 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.

# WANDIN SEVILLE FINANCIAL SERVICES LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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### **(o) Derecognition**

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### **(p) Cash and cash equivalents**

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

### **(q) Trade and Other Payables**

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.

### **(r) New and amended accounting policies adopted by the Company**

Initial application of AASB 16

The Company has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Company is the lessee. There has been no significant change from prior year treatment for leases where the Company is a lessor. The lease liabilities are measured at the present value of the remaining lease payments. The Company's incremental borrowing rate as at 1 January 2019 was used to discount the lease payments

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the entity in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- applying AASB 16 to leases previously identified as leases under AASB 17 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application; and
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.



**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

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**Note: Right-of-use assets**

The Company's lease portfolio includes buildings. These leases have an average of 10 years as their lease term.

**(1) Variable Lease Payments**

There are a number of property leases that contain variable payment terms which correlates to the revenue generated. These are retail stores that have up to 100% of the lease payment dependent on the store's revenue. These terms enable the Company to minimise fixed cost expense for stores that have seasonal revenue periods as well as stores that have just started business. These variable lease payments are recognised in the statement of profit or loss in the period which they occur.

**(2) Options to Extend or Terminate**

The options to extend or terminate are contained in the Company's property lease. This clause provides the Company opportunities to manage the lease in order to align with its strategies. All of the 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.

	<b>2020</b>
	<b>\$</b>
<b>(i) AASB16 related amounts recognised in balance sheet</b>	
<b>Right-of-use assets</b>	
Leased Building	326,817
Accumulated depreciation	(25,140)
	<u>351,957</u>
Total right-of-use asset	351,957

**Movement in carrying amounts**

Leased buildings:	326,817
Depreciation expense	(25,140)
Net carrying amount	<u><u>351,957</u></u>

**(ii) AASB16 related amounts recognised in the statement of profit or loss**

Depreciation change related to right-of-use assets	25,140
Interest expense on lease liabilities	16,948
Short-term lease expense	-
Low-Value asset leases expense	-
Variable lease payment expense	-

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>2. Revenue from ordinary activities</b>		
Operating activities		
- Gross Margin	913,715	990,035
- Services Commissions	17,722	19,860
- Market Development Fund	22,500	17,500
- Fee Income	77,466	83,929
- other revenue	43,500	42,076
Total revenue from operating activities	<u>1,074,903</u>	<u>1,153,400</u>
Non-operating activities:		
- interest received	14,201	18,122
- rent revenue	9,480	12,286
- other revenue	41,809	-
Total revenue from non-operating activities	<u>65,490</u>	<u>30,408</u>
Total revenue from ordinary activities	<u><u>1,140,393</u></u>	<u><u>1,183,808</u></u>
<b>3. Expenses</b>		
Profit from ordinary activities before income tax expense has been determined after:		
Employee benefits expense		
- wages and salaries, leave	352,434	353,180
- superannuation costs	32,713	31,589
- payroll tax	-	-
- workers' compensation costs	999	602
	<u>386,146</u>	<u>385,371</u>
Depreciation of non-current assets:		
- plant and equipment	4,446	5,554
- buildings	9,698	8,506
- motor vehicles	4,891	6,114
Amortisation of non-current assets:		
- intangibles	13,430	13,430
	<u>32,465</u>	<u>33,604</u>
Finance Costs:		
- interest paid	4	158
- borrowing cost	-	-
	<u>4</u>	<u>158</u>
<b>4. Income tax expense</b>		
The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5%	113,405	100,921
Add tax effect of:		
- non-deductible expenses	(8,939)	1,101
- prior year under provision/(over provision) for tax	-	-
- Deferred tax asset not previously brought to account	-	(80)
Current income tax expense	<u><u>104,466</u></u>	<u><u>101,942</u></u>

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
The components of tax expense comprise:		
Current tax	107,830	106,133
Deferred tax	(3,364)	(4,191)
	<u>104,466</u>	<u>101,942</u>
<b>Tax payable</b>		
Current tax payable	(3,610)	7,388
	<u>(3,610)</u>	<u>7,388</u>
<b>Deferred income tax asset</b>		
Future income tax benefits arising from deductible temporary differences are recognised to the extent that profits will be available against which such differences can be utilised.	34,342	30,979
	<u>34,342</u>	<u>30,979</u>
<b>5. Auditor's remuneration</b>		
Amounts received or due and receivable by Ryan Mizael (Mizael Partners) for:		
- Audit or review of the financial report of the Company	5,500	5,500
	<u>5,500</u>	<u>5,500</u>
<b>6. Cash and cash equivalent</b>		
- Cash at Bank	570,850	397,343
- Term Deposits	919,256	911,927
	<u>1,490,106</u>	<u>1,309,270</u>
<b>7. Trade and other receivables</b>		
Trade debtors	108,316	103,720
Other receivables	-	1,245
	<u>108,316</u>	<u>104,965</u>
<b>8. Other</b>		
Prepayments	12,306	10,239
	<u>12,306</u>	<u>10,239</u>
<b>9. Property, plant and equipment</b>		
<i>Buildings</i>		
At cost	1,050,137	779,843
Less: accumulated depreciation	(261,458)	(251,760)
	<u>788,679</u>	<u>528,083</u>
<i>Plant and equipment</i>		
At cost	103,750	279,326
Less: accumulated depreciation	(69,532)	(235,771)
	<u>34,218</u>	<u>43,555</u>
Total written down amount	<u>822,897</u>	<u>571,638</u>
<b>Movements in carrying amounts</b>		
<b>Building</b>		
Carrying amount at beginning of year	528,083	536,590
Additions	270,295	-
Disposals	-	-
Depreciation expense	(9,698)	(8,507)
Carrying amount at end of year	<u>788,680</u>	<u>528,083</u>

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
<b>9. Plant and equipment</b>		
Carrying amount at beginning of year	43,555	53,597
Additions	0	1,625
Disposals / Adjustments	-	-
Depreciation expense	(9,337)	(11,667)
Carrying amount at end of year	<u>34,218</u>	<u>43,555</u>
<b>10. Intangible assets</b>		
Franchise Fee-at cost - Wandin	81,192	81,192
Less accumulated amortisation	<u>(76,894)</u>	<u>(74,656)</u>
	4,298	6,536
Renewal Cost Recovery Fee-at cost	135,961	135,961
Less accumulated amortisation	<u>(114,514)</u>	<u>(103,322)</u>
	21,447	32,639
Right-Of-Use Asset	326,817	-
Less accumulated amortisation	<u>(25,140)</u>	<u>-</u>
	301,677	-
	<u>327,422</u>	<u>39,175</u>
<b>11. Trade and other payables</b>		
Trade creditors	5,494	8,293
Other creditors and accruals	<u>259,638</u>	<u>91,163</u>
	265,132	99,456
<b>12. Borrowings</b>		
Current:		
Lease Liability - Warburton Hwy	<u>28,091</u>	<u>-</u>
	28,091	-
Non-current:		
Lease Liability - Warburton Hwy	<u>261,654</u>	<u>-</u>
	261,654	-

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
<b>13. Provisions</b>		
Current:		
Provision for Tax	(3,610)	7,388
Provision for Sponsorships	10,000	10,000
Other Provisions	-	991
Employee benefits	15,789	17,173
	<u>22,179</u>	<u>35,552</u>
Non-Current		
Make Good Provision	26,747	
Employee benefits	34,128	32,059
	<u>60,875</u>	<u>32,059</u>
Number of employees at year end	7	7
<b>14. Share capital</b>		
528,311 Ordinary Shares fully paid of \$1 each	528,311	528,311
	<u>528,311</u>	<u>528,311</u>
<b>15. Retained Earnings</b>		
Balance at the beginning of the financial year	1,346,202	1,133,990
Profit after income tax	307,916	265,043
Dividends paid	(52,831)	(52,831)
Balance at the end of the financial year	<u>1,601,287</u>	<u>1,346,202</u>
<b>16. Director and related party disclosures</b>		
The names of Directors who have held office during the financial year are:		
Jayantilal Naran	Robert McDougall	
Kim Parry	Gavan McIntyre	
James Brown	Raymond Barrett	
Susan Harmsworth	Graeme Prime	

No Director or related entity has entered into a material contract with the Company.

Remuneration received by directors and associates:-

Raymond Barrett (Consulting Fees)	27,180	24,660
	<u>27,180</u>	<u>24,660</u>

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
<b>Directors shareholdings</b>		
Kim Parry	1,501	1,501
Gavan McIntyre	2,000	2,000
Graeme Prime	1,000	1,000
Susan Harmsworth	2,000	2,000
Jay Naran	1,000	1,000

Each share held has a paid up value of \$1 and is fully paid.

**17. Subsequent events**

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

**18. Capital and leasing commitments**

Operating Lease Commitments

Non-cancellable operating leases contracted for but not  
recognised in the financial statements

Payable — minimum lease payments

not later than 12 months

between 12 months and 5 years

later than 5 years

-	-
-	-

**19. Contingent liabilities**

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

**20. Segment reporting**

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in regional areas of Eastern Victoria.

**21. Corporate information**

Wandin Seville Financial Services Ltd is a Company limited by shares incorporated in Australia.

The registered office and principal place of business is:

Registered Office:

Suite 10, 1 Eastridge Drive  
Chirnside Park, Vic, 3116

Security Register

AFS & Associates  
61-65 Bull Street  
Bendigo Vic 3550

Principal places of Business:

386 Warburton Hwy  
Wandin North Vic 3139

Auditor

Mizael Partners  
Unit 6 12 Maroondah Hwy  
Ringwood VIC 3134

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>22. Dividends paid or provided for on ordinary shares</b>		
Franked dividends Paid - 10 cents per share.	52,831	52,831
The tax rate at which dividends have been franked is 27.5%		
Dividends proposed and not recognised as a liability.		
Franked dividends - 10 cents per share from 2020 profits.	52,831	52,831
Dividends proposed will be franked at a rate of 26%, payable December 2020.		

**23. Earnings per share**

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	307,916	265,043
Weighted average number of ordinary shares for basic and diluted earnings per share earnings per share	528,311	528,311
Earnings per share	0.58	0.50

**24. Community Enterprise Foundation**

During previous periods the company has contributed funds to the Community Enterprise Foundation (CEF), the philanthropic arm of the Bendigo and Adelaide Bank Group. These contributions form part of charitable donations and sponsorship expenditure in the Statement of Profit or Loss and Other Comprehensive Income. The Funds Contributed are held by the CEF in trust on behalf of the company and are available for distribution as grants to eligible applicants. The balance of funds held by the CEF as at June 30 2020 is as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Opening Balance	288,804	190,011
Contributions	-	100,000
Grants paid	118,874	-
Interest	3,392	3,793
Management Fees	-	5,000
<b>Balance available for distribution</b>	<b>173,322</b>	<b>288,804</b>

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

**25. Financial Risk Management**

**Net fair values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the statement of financial position. The Company does not have any unrecognised financial instruments at year end.

**Maturity analysis**

Financial Instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			Within one year		1 to 5 years		Over 5 Years					
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Cash and cash equivalent	570,850	397,343	919,255	911,927	-	-	-	-	-	-	1.50%	1.50%
Trade and other receivables	-	-	-	-	-	-	-	-	108,316	104,965		
Total financial assets	570,850	397,343	919,255	911,927	-	-	-	-	108,316	104,965		
Trade and other payables	-	-	-	-	-	-	-	-	5,494	8,293		
Borrowings	-	0	-		-		-	-	-	-	5.00%	5.00%
Total financial liabilities	-	0	-	-	-	-	-	-	5,494	8,293		

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.



**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
<b>(a) Credit Risk</b>		
Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the Company it arises from receivables and cash assets.		
The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Balance Sheet and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:		
Cash and cash equivalents	1,490,106	1,309,270
Trade and other receivables	108,316	103,721
	<u>1,598,422</u>	<u>1,412,991</u>

The Company's exposure to credit risk is limited to Australia by geographic area. Significant part of this balance is due from Bendigo Bank Ltd.

None of the assets of the Company are past due and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

**(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.

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments whose carrying amounts approximate their fair values. Trade and other payables exclude amounts relating to the provision of annual leave and deferred revenue, which are outside the scope of AASB 139.

	Carrying amount \$	Contractual cash flows \$	1 year or less \$	Over 1 to 5 years \$	More than 5 years \$
<b>30-Jun-20</b>					
Trade and other payables	5,494	-	5,494	-	-
Borrowings	-	-	-	-	-
	<u>5,494</u>	<u>-</u>	<u>5,494</u>	<u>-</u>	<u>-</u>
<b>30-Jun-19</b>					
Trade and other payables	110,446	-	110,446	-	-
Borrowings	-	-	-	-	-
	<u>110,446</u>	<u>-</u>	<u>110,446</u>	<u>-</u>	<u>-</u>

**WANDIN SEVILLE FINANCIAL SERVICES LTD**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$

**(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.

**Interest Rate Risk**

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular board meetings.

**Sensitivity analysis**

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

**Fixed rate instruments**

Financial assets (fixed rate)	919,255	911,927
Financial liabilities (fixed rate)	-	-
Financial liabilities (floating rate)	-	0
	<u>919,255</u>	<u>911,927</u>

Fair value sensitivity analysis for fixed rate instruments.

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

**(d) Net fair values**

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Balance Sheet. The Company does not have any unrecognised financial instruments at year end.

**(e) 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 Balance Sheet.

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 Franchisee 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 for the year ended 30 June 2020 can be seen in the Income Statement. There were no changes in the Company's approach during the year.

## WANDIN SEVILLE FINANCIAL SERVICES LTD

### DECLARATION BY DIRECTORS

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In accordance with a resolution of the directors of Wandin Seville Financial Services Limited, the directors of the company declare that:

1) the financial statements and notes are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

(b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company;

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;

3) the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.



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Raymond Barrett, Chairperson



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Graeme Prime, Director

Date: 24 september 2020 | 1:06:22 PM AEST

**Independent Auditor's Report  
To the Members of Wandin Seville Financial Services Ltd****Opinion**

We have audited the financial report of Wandin Seville Financial Services Ltd ("the Company") which comprises the statement of financial position as at 30 June 2020, the statement of 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 to the extent described in Note 1 and the *Corporations Regulations 2001*.

**Basis for Opinion**

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

We confirm that the independence declaration required by the *Corporations Act 2001*, 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.

**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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The director's responsibility also includes 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 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.

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


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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

**Mizael Auditors Pty Ltd**



**Ryan Mizael, RCA**  
Director

Dated this 24<sup>th</sup> day of September 2020

**MIZAEI**  
**PARTNERS**

Accountants  
Auditors  
Advisors



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