

Annual Report 2020

Giving back to our local
community

Community Bank
West Beach

ABN 86 094 486 727



**West Beach & Districts Community Financial
Services Limited
ABN: 86 094 486 727
Financial Report
For the year ended 30 June 2020**

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
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2020 Board Chair's AGM Report

Readers of this report need no reminders from me about the single word on everybody's lips during the calendar year 2020.

Frank Abados has referred briefly in his Branch Manager report to our local branch's responses as the pandemic unfolded. I must commend Frank personally for his focus and communications to customers, staff, Board and community groups during this period. By extension, the levels of daily work adjustments forced on our Business Development Manager Matt, our Board Assistant Robyn along with each of our in-branch staff members, have been responded to with professionalism, calmness and good cheer all of our Directors have been extremely impressed by the response of our staff as we have witnessed them successfully step up to the plate .

I also commend the 2020 leadership from the very top of the Bendigo Bank corporate entity. Along with our Adelaide-based executives and Community Bank State and Regional Managers, the Bendigo Executive have been transparent in their COVID-response communications and really dedicated to best health practices and to good outcomes for customers, branch staff and bank communities. These individuals, in my mind, modelled strong and appropriate leadership and made themselves very available to us through wide-scale videoconferencing and a plethora of collaborative and supportive phone calls. We all know that we are not totally out of the virus-driven health and economic woods just yet, but the last six months have certainly brought out the best in many people involved with our enterprise.

Our Board Directors are certainly among those who have stepped up well this year. Videoconferences at the full Board or Board sub-Committee level were the order of the day for several months, but everybody has felt very happy in recent times to have been able to access the Apex Park Community Centre for our socially-distanced Board meetings. The availability of this local community facility is further proof of the value of community-focused social investment, which is the ethic that unites us as shareholders, as Directors, as staff members and also as customers of the West Beach Community Bank.

This coming AGM will, I understand, mark the first occasion when one of our founding Directors, Terry McClean, has not been in attendance. I regret to advise shareholders of Terry's health-induced unavailability for further work as a Director in the years ahead. Terry has made a stirring and sustained contribution to our cause. His dry wit, clear thinking and measured comments have helped many of us see issues more comprehensively during Board discussions over the last nineteen years. Terry will be missed but his example will be reflected upon and looked to by our Board members in future.

Rod has returned to us with passion and gusto this year and has made further active contributions to the work of the Board. Board Exec members Garth, Alison and Yasmin have performed their respective duties really well, while Fazz, Tim, Kosta and Arthur have been diligent and discerning Board members, as we would know and expect. I commend each of our Directors for their collective sense of teamwork and purpose, even when difficult or wrenching decisions have presented themselves for consideration. Last but not least, our skilled and positive Board Assistant, Robyn, has really kept the show on the road in so many ways not only through her support of our Directors, but also as a strong ally to Matt and to Frank with their respective responsibilities towards community engagement and local presence.

While we look forward to our 20th anniversary in 2021, no doubt the year ahead will be a serious challenge for the 2021 Board and staff members. Discussions about Enterprise Bargaining Agreements, physical branch lease renewals and revisiting the governing franchise agreement with Bendigo Bank loom on our agenda. As is our practice, data-gathering and evidence-based reasoning will direct our thinking towards sensible strategies and decisions. More specifically, however, we are really seeking to re-grow our lending book. We wish to develop greater knowledge among new members of the local western suburbs community of the identity and ethical commitment to community benefit which distinguishes us as a local financial services provider. We want people who believe in the concept of community groups and organisations to know about us and, especially, to join us.

As a shareholder, can you help us with this? We as a Board are very conscious of doing our best, in your interests, to operate in an efficient, successful and expansionary manner to make the future of our company relevant and successful. If you have ideas or contacts for us, we most definitely want to hear them! Frank has a standing invitation as our Manager to pass on my personal contact details to any identified company shareholder for a personal discussion about any matter which you believe will help us to achieve our shared goals.

Tim Ryan
Chair, West Beach & Districts Financial Services Ltd

Branch Report - Financial Year ended 30 June 2020

West Beach & Districts Community Bank has witnessed a year of transition, change and the local effects of the Covid-19 global pandemic. I am pleased to advise West Beach has achieved a business footings level of above \$160 million.

From an operational point of view account opening activity levels sees us continue to open a healthy number of accounts, exceeding 450 accounts opened 3 years straight, matching last year's tally of 452. We have now entered our 20th year of operation and have 4,700 accounts, an increase of 45 on the previous year.

The total value of deposits and loans have decreased from the \$178.3 million as at June 2019 to a total held as at 30 June 2020 of \$161.3 million. Local economic effects of Covid-19 have required our business to assist customers who have been affected and the team have responded professionally. Results don't fully reflect the great work and dedicated efforts put in by staff and the voluntary efforts of your Community Bank company directors.

We always encourage shareholders to support our Community Bank at West Beach and become advocates of our Community Bank. We also encourage all our existing customers, including local clubs who bank with us assist the ongoing growth – and bank local.

Staffing numbers have remained at eight. Marissa left the business and Janice came on board last October.

Matt Tscharke has now completed 18 months as our Community Relationship Manager. Matt engages with our local clubs and looks forward to assisting customers, clubs and their members. Matt is also our Home Loan representative and is able to see customers at a convenient time and location.

The SA Produce Market at Pooraka continues to provide opportunities for the branch via the agency operating at the SA Produce Credit office. It continues to provide benefits to the merchants, retailers and employees, as well as West Beach & Districts Community Financial Services Limited.

We continue to invest funds into our local community through grants, sponsorships and donations for many social, community and sporting groups. It's always a pleasure to visit and witness our vibrant community first-hand as we support growth, prosperity and wellbeing of our community.

It's important to mention and recognise the efforts of our Community Bank board directors. We encourage all shareholders, all club members and all local Western suburb residents to experience banking with West Beach & Districts Community Bank - and inturn, support the community.

Frank Abados
Branch Manager
1 July 2020

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Directors' Report

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

Directors

The following persons were Directors of West Beach and Districts Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Name of Director - Tim Ryan <i>(appointed Chairperson July 2019)</i>	
Position	Director / Chairperson
Professional qualifications	Retired/Educator
Experience and expertise	R-7 teacher, School principal, New York-based educational consultant, tutor within the Flinders University School of Education. Member or Chair of Boards and sub-Committees in the aged care, subdivisional real estate and foreign exchange broking fields.
Name of Director - Andrew Farran	
Position	Director
Professional qualifications	Business owner/Fazz Plumbing
Experience and expertise	Original Steering Committee member, lived in the area for 58 years. Business Management for Plumbing business with restricted Builders License.
Name of Director - Terry McClean	
Position	Director
Professional qualifications	Retired/Bank Manager
Experience and expertise	Original Steering Committee Member, previously Bank Manager for 21 years. Various Board position for the Soccer Federations, Instructor for SA Dog Obedience Club Inc.
Name of Director - Arthur Economos	
Position	Director
Professional qualifications	Chairman of Econ Property Group
Experience and expertise	Diploma in Management, Justice of Peace, Past president of the Lions Club (Adelaide Hellenic) and Corinthai Society of S.A. Co-founding member of the Glendi Festival.
Name of Director - Tim Dodds	
Position	Director
Professional qualifications	Retired / Police Officer
Experience and expertise	Serving police officer for 31 years - SAPOL Media and Public Engagement. Board Member of Henley Bowling Club and Bowls SA, MC Henley & Grange RSL Dawn Service.
Name of Director - Garth Palmer	
Position	Director
Professional qualifications	Councillor, City of West Torrens
Experience and expertise	Experience in the Corporate Governance Committee and Licensed Real Estate Agent
Name of Director - Sue Packer <i>(resigned November 2019)</i>	
Position	Director
Professional qualifications	Bachelor of Commerce (Accounting)
Experience and expertise	Worked in management accounting and auditing roles for 20years in private SMSE and public listed companies. Previously board member for 2 yr term.
Name of Director - Rodney Beames <i>(appointed November 2019)</i>	
Position	Chairperson
Professional qualifications	Tafe Lecturer/Electrician
Experience and expertise	Technical Lecturer at TAFE, a member of the Henley RSL, Area Co-ordinator for Neighbourhood Watch, West Beach.

West Beach & Districts Community Financial Services Limited
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Directors' Report

Directors (continued)

Name of Director - Alison Amber	
Position	Director
Professional qualifications	Receptionist / Board Admin Assistant
Experience and expertise	Alison was the Board Assistant 2008_2018. She previously held a Diploma in Graphic Design and Printing. She has sixteen years Admin, Sales and Event Management experience in the music Industry. She is also a Volunteer and Secretary for a couple of local Not for Profit organisations and resides in West Beach with her family.

Name of Director - Kosta Manning	
Position	Director
Professional qualifications	B.Eng (Hons) - Flinders University
Experience and expertise	Previously a Pharmacy Assistant at the West Beach TerryWhite Chemart. Currently a Project Support Officer at the Australian Transformation Institute.

Name of Director - Yasmin Spina <i>(appointed November 2019)</i>	
Position	Director - Treasurer
Professional qualifications	B.Com/Bacc
Experience and expertise	Yasmin has a Bachelor of Commerce (Accounting), is a Certified Practising Accountant, Chartered Tax Advisor and has worked in Tax and Management Accounting for 10 years in large private companies and public practice. She has been involved with the branch for over 5 years as part of the accounting team at Group GH.

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

Director		Board meetings		Committee meetings
		A	B	
Name of Director	Andrew Farren	10	10	2
Name of Director	Arthur Economos	10	5	4
Name of Director	Alison Amber	10	7	4
Name of Director	Garth Palmer	10	8	4
Name of Director	Kosta Manning	10	8	2
Name of Director	Rod Beames	5	5	2
Name of Director	Sue Packer	5	5	0
Name of Director	Tim Dodds	10	9	2
Name of Director	Tim Ryan	10	9	4
Name of Director	Terry McClean	10	8	1
Name of Director	Yasmin Spina	6	6	4

A - The number of meetings eligible to attend.

B - The number of meetings attended.

West Beach & Districts Community Financial Services Limited
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Directors' Report

Company Secretary

Alison Amber has been the Company Secretary of West Beach and Districts Community Financial Services Limited since 2014.

Alison joined the board as the Board Assistant on August 29 2008. She previously held a Diploma in Graphic Design and Printing. She has sixteen years Admin, Sales and Event Management experience in the music Industry. She is also a Volunteer and Secretary for a couple of local Not for Profit organisations and resides in West Beach with her family.

Board Assistant

Robyn Hefford joined as Administration Assistant in August 2018. Robyn comes with over 20 years experience in Marketing & Administration in a vast range of industries. She also owns an online toy business and lives locally with children attending West Beach Primary School

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 \$153,771 (2019 profit: \$94,938), which is a 62% increase as compared with the previous year.

Dividends

Dividends paid or declared since the start of the financial year.

A fully franked final dividend of 12.5 cents per share was paid during the year for the year ended 30 June 2019. No dividend has been declared or paid for the year ended 30 June 2020 as yet.

The maximum franking credit that can be allocated to a dividend for the year ended 30 June 2020 is 27.5%, following recent changes in legislation.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

West Beach & Districts Community Financial Services Limited
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Directors' Report

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 incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

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

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

Other than detailed below, 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 in which a Director is a member or an entity in which a Director has a substantial financial interest. 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.

Directors Privileges Package

West Beach and Districts Community Financial Services Ltd has accepted the Community Bank® Directors' Privileges Package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the Bendigo Bank. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors benefits available to Bendigo and Adelaide Bank shareholders.

West Beach & Districts Community Financial Services Limited
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Directors' Report

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance at 30 June 2019	Net change in holdings	Balance at 30 June 2020
Directors			
Andrew Farran	6,001	-	6,001
Terry McClean	4,001	-	4,001
Arthur Economos	18,001	1,250	19,251
Garth Palmer	1,000	-	1,000
Sue Packer	500	-	500
Alison Amber	750	-	750
Tim Ryan	5,000	-	5,000

Signed



Timothy Ryan
Chairman

Bendigo and Adelaide Bank Report

For year ending 30 June 2020

In the 20-plus years since the opening of the very first Community Bank branch, it's fair to say we haven't seen a year quite like 2020.

After many years of drought, the 2019 calendar year ended with bushfires burning across a several states. A number of our Community Bank companies were faced with an unprecedented natural disaster that impacted lives, homes, businesses and schools in local communities.

As fires took hold, Bendigo and Adelaide Bank's head office phones started to ring, emails came in from all over the world and our customers, and non-customers, headed into our branches to donate to an appeal that we were still in the process of setting up.

Our reputation as Australia's most trusted bank and the goodwill established by 321 Community Bank branches across the country meant that people instinctively knew that Bendigo, and our Community Bank partners, would be there to help. An appeal was established and donations were received in branch and online from 135,000 donors from all around the world. More than \$45 million was donated.

Just as the fires had been extinguished and the Bank's foundation was working with government, not-for-profit organisations and impacted communities to distribute donations, the global COVID-19 pandemic arrived.

The impact of this pandemic was, and continues to be, more than about health. The impacts are far-reaching and banking is not immune. Your support as a shareholder, and a customer, of your local Community Bank company has never been so important.

You should be proud of your investment in your local Community Bank company. As the Australian workforce had to adjust its way of working, your Community Bank branch staff were classified as essential workers and turned up for work every day throughout the pandemic to serve your local customers.

Your Community Bank company, led by your local directors, were committed to supporting local economies. Often it was the little things like purchasing coffees and meals from local cafes, not only for their branch staff but for other essential workers (teachers, nurses, hospital support staff, ambulance and police officers and aged care workers). This not only supported essential workers also supported many local businesses when they needed it the most.

What we've discovered in 2020 is that in times of crisis, Australia's Community Bank network has unofficially become Australia's 'second responder'. Local organisations and clubs look to their local Community Bank companies not only for financial assistance, but to take the lead in connecting groups and leading the community through a crisis.

So, what does this all mean? For Bendigo and Adelaide Bank, it reinforces the fact that you are a shareholder of a unique and caring company – run by locals to benefit not only your community but those in need.

As Australia's 5th largest bank with more than 1.9 million customers we are proud to partner with your community.

If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in.

On behalf of Bendigo and Adelaide Bank, we thank all of our Community Bank company directors and shareholders and your branch staff and customers for your continued support throughout the year.

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

West Beach & Districts Community Financial Services Limited

ABN 86 094 486 727

**Auditor's independence declaration under Section 307C of the Corporations Act 2001
to the Directors of West Beach & Districts Community Financial Services Limited**

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.

Signed at Adelaide this  day of October 2020



Bruce H Carpenter
Registered Company Auditor No 374687

Level 8, 185 Victoria Square
ADELAIDE SA 5000

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Revenue	2	1,099,490	1,097,659
Expenses			
Employee benefits expense	3	(579,525)	(625,044)
Depreciation and amortisation	3	(53,853)	(49,074)
Finance costs	3	(393)	(987)
Bad and doubtful debts expense	3	(16)	(1,047)
Administration and general costs		(110,565)	(92,976)
Occupancy expenses		(67,522)	(68,069)
IT expenses		(20,608)	(20,806)
ATM Expenses		<u>(8,443)</u>	<u>(8,320)</u>
		(840,925)	(866,323)
Operating profit / (loss) before charitable donations and sponsorships		258,565	231,336
Charitable donations and sponsorships		<u>(61,549)</u>	<u>(97,951)</u>
Profit / (loss) before income tax		197,015	133,385
Income tax expense / benefit	4	<u>(43,244)</u>	<u>(38,447)</u>
Profit/(loss) for the year		153,771	94,937
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>153,771</u>	<u>94,937</u>
Profit / (loss) attributable to members of the company		153,771	94,937
Total comprehensive income attributable to members of the company		<u>153,771</u>	<u>94,937</u>
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	19	32.34	19.97

These financial statements should be read in conjunction with the accompanying notes.

West Beach & Districts Financial Services Limited
ABN 86 094 486 727
Statement of Financial Position
as at 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	5	270,892	246,544
Trade and other receivables	6	133,264	78,549
Financial assets	7	550,000	500,000
Other assets	8	-	-
Total current assets		954,156	825,093
Non-current assets			
Property, plant and equipment	9	96,787	118,101
Intangible assets	10	10,622	24,900
Deferred tax assets	4	17,388	17,104
Total non-current assets		124,797	160,105
Total assets		1,078,953	985,198
Liabilities			
Current liabilities			
Trade and other payables	11	35,398	33,726
Current tax liability	4	4,231	(69)
Borrowings	13	-	5,386
Provisions	14	-	-
Total current liabilities		39,629	39,043
Non-current liabilities			
Borrowings	13	-	2,364
Provisions	14	63,231	62,196
Deferred tax liability	4	2,178	2,013
Total non-current liabilities		65,409	66,574
Total liabilities		105,038	105,616
Net assets		973,915	879,582
Equity			
Issued capital	15	475,500	475,500
Retained earnings / Accumulated losses	16	498,415	404,082
Total equity		973,915	879,582

These financial statements should be read in conjunction with the accompanying notes.

West Beach & Districts Financial Services Limited
ABN 86 094 486 727
Statement of Changes in Equity
for the year ended 30 June 2020

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2018		475,500	368,581	844,081
Profit / Loss for the year		-	94,938	94,938
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	94,938	94,938
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	17	-	(59,438)	(59,438)
Balance at 30 June 2019		475,500	404,081	879,581
Balance at 1 July 2019		475,500	404,081	879,581
Profit / Loss for the year		-	153,771	153,771
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	153,771	153,771
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	17	-	(59,438)	(59,438)
Balance at 30 June 2020		475,500	498,415	973,915

These financial statements should be read in conjunction with the accompanying notes.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Statement of Cash Flows
for the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers		1,110,526	1,220,121
Payments to suppliers and employees		(922,748)	(1,054,765)
Borrowing Costs		(963)	(5,779)
Interest received		11,262	9,882
Income tax paid		(39,063)	(50,258)
Net cash provided by / (used in) operating activities	20b	<u>159,014</u>	<u>119,202</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	-
Proceeds from sale of investments		-	-
Purchase of property, plant and equipment		(25,229)	(23,900)
Purchase of investments		-	-
Purchase of intangible assets		-	-
Net cash flows from / (used in) investing activities		<u>(25,229)</u>	<u>(23,900)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Dividends paid		(59,438)	(59,438)
Net cash provided by / (used in) financing activities		<u>(59,438)</u>	<u>(59,438)</u>
Net increase / (decrease) in cash held		74,348	35,865
Cash and cash equivalents at beginning of financial year		746,544	710,679
Cash and cash equivalents at end of financial year	20a	<u><u>820,892</u></u>	<u><u>746,544</u></u>

These financial statements should be read in conjunction with the accompanying notes.

West Beach & Districts Community Financial Services Limited
ABN 86 094 486 727
Notes to the Financial Statements
for the year ended 30 June 2020

These financial statements and notes represent those of West Beach & Districts Community Financial Services Limited.

West Beach & Districts Community Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 13th October 2020

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at West Beach, South Australia.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branch 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.

West Beach & Districts Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch 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®** branch;
- 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.

(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) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(e) Comparative figures

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

West Beach & Districts Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2020

1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

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.

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

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Notes to the Financial Statements
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1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods (continued)

(i) AASB 16: *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

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2. Revenue

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

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

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest, dividend and other income

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

Dividend and other revenue is recognised when the right to the income has been established.

Revenue calculation

Over the period from September 2013 to February 2015, Bendigo and Adelaide Bank Limited conducted a review of the **Community Bank®** model, known as 'Project Horizon'. This was conducted in consultation with the community banking network. The objective of the review was to develop a shared vision of the **Community Bank®** model that positions it for success now and for the future.

The outcome of that review is that the fundamental franchise model and community participation remain unchanged. Changes to be implemented over a three year period reflect a number of themes, including a culture of innovation, agility and flexibility, network collaboration, director and staff development and a sustainable financial model. This included changes to the financial return for **Community Bank®** companies from 1 July 2016. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products will be through margin share. Margin on core banking products will be shared on a 50/50 basis.

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Core banking products

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days' notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits

plus any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,

minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

West Beach & Districts Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2020

2. Revenue (Continued)

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan. From 1 July 2016, both means the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. From 1 July 2016, examples include Bendigo Bank branded at call deposits, term deposits and home loans.

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

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products. This currently also includes Bendigo Bank branded fixed rate home loans and term deposits of more than 90 days, but these became margin products from 1 July 2016.

Fee income

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

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the Company receives on a particular product or service. The effect of the change on the revenue earned by the Company is entirely dependent on the change.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days' notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

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

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Revenue (Continued)

	2020 \$	2019 \$
Operating activities:		
- service commissions	55,214	57,503
- franchise margin income	955,790	953,798
- other revenue	77,224	76,476
	<u>1,088,228</u>	<u>1,087,777</u>
Non Operating activities:		
- interest received	11,262	9,882
	<u>11,262</u>	<u>9,882</u>
Total revenue	<u>1,099,490</u>	<u>1,097,659</u>

3. Expenses

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 are depreciated in a Small Business Pool initially at 15% for the first year and then 30% for every year thereafter. Leasehold improvements are depreciated over either the unexpired period of the lease or the estimated useful lives of the improvements. Items under \$30,000 are immediately written off under the Small Business simplified depreciation rules.

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

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Leasehold improvements	2.5%	SL
Plant and equipment	100%	IWO
Small Business Pool	30%	DV

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.

West Beach & Districts Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2020

3. Expenses (continued)

	2020 \$	2019 \$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- Wages and salaries	478,308	559,741
- Superannuation costs	63,508	51,956
- Other costs	37,709	13,347
	<u>579,525</u>	<u>625,044</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- Plant and equipment	24,138	23,900
- Leasehold improvements	2,462	2,517
- Small Business Pool	12,974	8,547
	<u>39,574</u>	<u>34,964</u>
Amortisation		
- Franchise fees	13,996	13,996
- Borrowing Costs	282	114
	<u>14,279</u>	<u>14,110</u>
Total depreciation and amortisation	<u>53,853</u>	<u>49,074</u>
Finance costs		
- Interest paid	393	987
Bad and doubtful debts expenses	16	1,047
(Gain) / Loss on disposal of property, plant and equipment	-	-
Auditors' remuneration		
<i>Remuneration of the Auditor for:</i>		
- Audit or review of the financial report	<u>7,800</u>	<u>7,750</u>
	<u>7,800</u>	<u>7,750</u>

West Beach & Districts Community Financial Services Limited
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Notes to the Financial Statements
for the year ended 30 June 2020

4. Income tax

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. 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.

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.

	2020	2019
	\$	\$
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	43,364	29,766
Deferred tax expense / (income) relating	(119)	8,681
Recoupment of prior year tax losses	-	-
Under / (over) provision of prior years	-	-
	<u>43,244</u>	<u>38,447</u>
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 27.5% (2019: 27.5%)	54,179	36,681
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses		
- Movement in deferred Tax	(119)	8,681
- Non-deductible expenses	(10,816)	(6,915)
Income tax attributable to the entity	<u>43,244</u>	<u>38,447</u>
The applicable weighted average effective tax rate is	21.95%	28.82%
c. Current tax liability		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	(69)	20,422
Income tax paid	(61,971)	(50,258)
Current tax	43,363	29,766
Refund of Prior Year Tax	22,908	-
	<u>4,231</u>	<u>(69)</u>

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Notes to the Financial Statements
for the year ended 30 June 2020

4. Income tax (continued)

	2020 \$	2019 \$
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Provision for doubtful debts	-	-
Property, plant & equipment	-	-
Accruals	-	-
Employee provisions	17,388	17,104
Unused tax losses	-	-
	17,388	17,104
Deferred tax liabilities balance comprises:		
Prepayments	2,178	2,013
Property, plant & equipment	-	-
	2,178	2,013
Net deferred tax asset / (liability)	15,211	15,091

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5. Cash and cash equivalents

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.

	2020	2019
	\$	\$
Cash at bank and on hand	270,892	246,544
Short-term bank deposits		
	<u>270,892</u>	<u>246,544</u>

6. Trade and other receivables

Trade and other receivables are carried at their amounts due. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

	2020	2019
	\$	\$
Current		
Trade receivables	125,344	71,229
Prepayments	7,920	7,320
	<u>133,264</u>	<u>78,549</u>

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 following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

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Notes to the Financial Statements
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Trade and other receivables (continued)

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
	\$	\$	< 30 days	31-60 days	> 60 days	\$
			\$	\$	\$	
2020						
Trade receivables	125,344	125,344	-	-	-	-
Other receivables	7,920	7,920	-	-	-	-
Total	133,264	133,264	-	-	-	-
2019						
Trade receivables	71,229	71,229	-	-	-	-
Other receivables	7,320	7,320	-	-	-	-
Total	78,549	78,549	-	-	-	-

7. Financial assets

Classification of financial assets

The company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held to maturity investments, and
- available for sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The company has not designated any financial assets at fair value through profit or loss.

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

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Notes to the Financial Statements
for the year ended 30 June 2020

7. Financial assets (continued)

Classification of financial assets (continued)

Held to maturity investments

The group classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Available for sale financial asset

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

Measurement of financial assets

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

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Notes to the Financial Statements
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7. Financial assets (continued)

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

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Notes to the Financial Statements
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7. Financial assets (continued)

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.

	2020	2019
	\$	\$
<i>Held to maturity financial assets</i>		
Term deposits	550,000	500,000
<i>Available for sale financial assets</i>		
Listed investments	-	-
	<u>550,000</u>	<u>500,000</u>

8. Other assets

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.

	2020	2019
	\$	\$
Other	-	-
	<u>-</u>	<u>-</u>

9. Property, plant and equipment

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 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.

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.

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9. Property, plant and equipment (continued)

	2020 \$	2019 \$
<i>Small Business Pool</i>		
Balance	-	19,942
	-	19,942
<i>Leasehold improvements</i>		
At cost	134,859	133,767
Less accumulated depreciation	(38,072)	(35,608)
	96,787	98,159
<i>Plant and equipment</i>		
At cost	41,265	38,491
Less accumulated depreciation	(41,265)	(38,491)
	-	-
<i>Motor Vehicles</i>		
At cost	21,364	-
Less accumulated depreciation	(21,364)	-
	-	-
Total property, plant and equipment	96,787	118,101
Movements in carrying amounts		
<i>Small Business Pool</i>		
Balance at the beginning of the reporting period	19,942	28,489
Additions	-	-
Disposals	-	-
Depreciation expense	(19,942)	(8,547)
Balance at the end of the reporting period	-	19,942
<i>Plant & Equipment</i>		
Balance at the beginning of the reporting period	-	-
Additions	2,774	23,900
Disposals	-	-
Depreciation expense	(2,774)	(23,900)
Balance at the end of the reporting period	-	-
<i>Leasehold improvements</i>		
Balance at the beginning of the reporting period	98,159	100,676
Additions	1,092	-
Disposals	-	-
Depreciation expense	(2,464)	(2,517)
Balance at the end of the reporting period	96,787	98,159
<i>Motor Vehicle</i>		
Balance at the beginning of the reporting period	-	-
Additions	21,364	-
Disposals	-	-
Depreciation expense	(21,364)	-
Balance at the end of the reporting period	-	-
Total property, plant and equipment		
Balance at the beginning of the reporting period	118,101	129,164
Additions	25,229	23,900
Disposals	-	-
Depreciation expense	(46,544)	(34,963)
Balance at the end of the reporting period	96,787	118,101

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10. Intangible assets

Franchise fees and borrowing costs 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.

	2020	2019
	\$	\$
<i>Franchise fee</i>		
At cost	69,981	69,981
Less accumulated amortisation	<u>(59,359)</u>	<u>(45,363)</u>
	<u>10,622</u>	<u>24,618</u>
 <i>Borrowing Costs</i>		
At cost	457	457
Less accumulated amortisation	<u>(457)</u>	<u>(174)</u>
	<u>-</u>	<u>282</u>
 Total intangible assets	 <u>10,622</u>	 <u>24,900</u>
 Movements in carrying amounts		
<i>Franchise fee</i>		
Balance at the beginning of the reporting period	24,618	38,614
Additions	-	-
Disposals	-	-
Amortisation expense	<u>(13,996)</u>	<u>(13,996)</u>
Balance at the end of the reporting period	<u>10,622</u>	<u>24,618</u>
 <i>Borrowing Costs</i>		
Balance at the beginning of the reporting period	283	397
Additions	-	-
Disposals	-	-
Amortisation expense	<u>(283)</u>	<u>(114)</u>
Balance at the end of the reporting period	<u>-</u>	<u>283</u>
 Total intangible assets		
Balance at the beginning of the reporting period	24,901	39,011
Additions	-	-
Disposals	-	-
Amortisation expense	<u>(14,279)</u>	<u>(14,110)</u>
Balance at the end of the reporting period	<u>10,622</u>	<u>24,901</u>

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11. 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.

	2020	2019
	\$	\$
Current		
<i>Unsecured liabilities:</i>		
Trade creditors	907	1,407
Other creditors and accruals	34,491	32,321
	<u>35,398</u>	<u>33,727</u>

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

12. 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. 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.

13. Borrowings

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

The company holds non-cancellable leases for the branch location. The lease on the branch is a five year term which expires in June 2021 with an option of additional terms.

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13. Borrowings (continued)

	2020 \$	2019 \$
Current		
<i>Unsecured liabilities</i>		
Bank overdraft	-	-
<i>Secured liabilities</i>		
Bank loan	-	-
Hire Purchase	-	5,386
	<u>-</u>	<u>5,386</u>
Non-current		
<i>Unsecured liabilities</i>		
Bank overdraft	-	-
<i>Secured liabilities</i>		
Bank loan	-	-
Hire Purchase	-	2,364
	<u>-</u>	<u>2,364</u>
Total borrowings	<u><u>-</u></u>	<u><u>7,750</u></u>

14. Provisions

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.

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14. Provisions (continued)

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.

	2020 \$	2019 \$
Current		
Employee benefits	-	-
Non-current		
Employee benefits	63,231	62,196
Total provisions	<u><u>63,231</u></u>	<u><u>62,196</u></u>

15. Share capital

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.

	2020 \$	2019 \$
475,500 Ordinary shares fully paid	475,500	475,500
	<u><u>475,500</u></u>	<u><u>475,500</u></u>
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	475,500	475,500
Shares issued during the year	-	-
At the end of the reporting period	<u><u>475,500</u></u>	<u><u>475,500</u></u>

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.

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 for the current financial year (under accounting standards under the Corporations Act), less any community contributions shown in the profit and loss statement for the current financial year, plus any accumulated profit from previous financial years.
 - (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the value of the share capital on issue at the end of the financial year; where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over the financial year plus 5%.

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15. Share capital (continued)

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

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

16. Retained earnings

	2020	2019
	\$	\$
Balance at the beginning of the reporting period	404,082	368,581
Profit/(loss) after income tax	153,771	94,939
Dividends paid	<u>(59,438)</u>	<u>(59,438)</u>
Balance at the end of the reporting period	<u>498,415</u>	<u>404,082</u>

17. Dividends paid or provided for on ordinary shares

	2020	2019
	\$	\$
Dividends paid or provided for during the year		
Interim and/or final fully franked ordinary dividend of 12.5 cents per share (2019:12.5 cents per share) franked at the tax rate of 27.5% (2019: 27.5%).	59,438	59,438

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

Rights attached to shares

(a) *Voting rights*

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** branches have the same ability to influence the operation of the company.

(b) *Dividends*

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

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17. Dividends paid or provided for on ordinary shares (continued)

(c) *Transfer*

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 233. As at the date of this report, the company had 259 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

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19. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

	2020	2019
	\$	\$
Basic earnings per share (cents)	32.34	19.97
Earnings used in calculating basic earnings per share	153,771	94,937
Weighted average number of ordinary shares used in calculating basic earnings per share.	475,500	475,500

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20. Statement of cash flows

	2020 \$	2019 \$
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	270,892	246,544
Add Held to Maturity Financial Assets (Note 7)	550,000	500,000
As per the Statement of Cash Flow	<u>820,892</u>	<u>746,544</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	153,771	94,937
Non-cash flows in profit		
- Depreciation	39,574	34,964
- Amortisation	14,279	14,110
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(54,732)	16,941
- (increase) / decrease in prepayments and other assets	(600)	(780)
- (Increase) / decrease in deferred tax asset	(284)	8,681
- Increase / (decrease) in trade and other payables	1,672	6,628
- Increase / (decrease) in current tax liability	4,300	(20,491)
- Increase / (decrease) in payables	-	(5,002)
- Increase / (decrease) in provisions	1,034	(30,788)
Net cash flows from / (used in) operating activities	<u>159,014</u>	<u>119,202</u>

21. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) 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 is considered key management personnel.

No Remuneration was paid to any directors, as they are all volunteers.

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

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(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

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.

West Beach & Districts Community Financial Services Limited
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21. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

The number of ordinary shares in West Beach & Districts Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2020	2019
Andrew Farran	6,001	6,001
Terry McClean	4,001	4,001
Arthur Economos	19,251	18,001
Garth Palmer	1,000	1,000
Sue Packer	500	500
Tim Ryan	5,000	5,000
Alison Amber	750	750
	<u>36,503</u>	<u>35,253</u>

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 involving equity instruments other than those described above.

22. Events after the reporting period

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

23. Contingent liabilities and contingent assets

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

24. Operating segments

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

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25. Commitments

Operating lease commitments

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

	2020	2019
	\$	\$
Payable:		
- no later than 12 months	49,500	49,500
- between 12 months and five years	-	49,500
- greater than five years	-	-
Minimum lease payments	<u><u>49,500</u></u>	<u><u>99,000</u></u>

26. Company details

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office

Group GH
22 Nile Street
Port Adelaide SA 5015

Principal Place of Business

695B Burbridge Road
West Beach SA 5024

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27. Financial risk management

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. The Audit Committee is assisted in the area of risk management by an internal audit function.

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 139 *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies are as follows:

	Note	2020 \$	2019 \$
Financial assets			
Cash and cash equivalents	5	270,892	246,544
Trade and other receivables	6	133,264	78,549
Financial assets	7	550,000	500,000
Total financial assets		<u><u>954,156</u></u>	<u><u>825,093</u></u>
Financial liabilities			
Trade and other payables	11	35,398	33,727
Borrowings	13	-	7,750
Bank overdraft	13	-	-
Total financial liabilities		<u><u>35,398</u></u>	<u><u>41,477</u></u>

(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.

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Notes to the Financial Statements
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27. Financial risk management (continued)

(a) Credit risk (continued)

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 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.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability and financial asset maturity analysis:

30 June 2020	Total	Within	1 to	Over
	\$	1 year	5 years	5 years
		\$	\$	\$
Financial assets				
Cash and cash equivalents	270,892	270,892	-	-
Trade and other receivables	133,264	133,264	-	-
Financial assets	550,000	550,000	-	-
Total anticipated inflows	954,156	954,156	-	-
Financial liabilities				
Trade and other payables	35,398	35,398	-	-
Borrowings	-	-	-	-
Bank overdraft	-	-	-	-
Total expected outflows	35,398	35,398	-	-
Net inflow / (outflow) on financial instruments	918,758	918,758	-	-

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Notes to the Financial Statements
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27. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2019	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets				
Cash and cash equivalents	246,544	246,544	-	-
Trade and other receivables	78,549	78,549	-	-
Financial assets	500,000	500,000	-	-
Total anticipated inflows	825,093	825,093	-	-
Financial liabilities				
Trade and other payables	33,727	33,727	-	-
Borrowings	7,750	5,386	2,364	-
Bank overdraft	-	-	-	-
Total expected outflows	41,477	39,113	2,364	-
Net inflow / (outflow) on financial instruments	783,616	785,980	(2,364)	-

(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.

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

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

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. 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.

Year ended 30 June 2020	Profit \$	Equity \$
+/- 1% in interest rates (interest income)	8,209	8,209
+/- 1% in interest rates (interest expense)	-	-
	8,209	8,209

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Notes to the Financial Statements
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27. Financial risk management (continued)

(c) Market risk (continued)

Year ended 30 June 2019

+/- 1% in interest rates (interest income)	7,465	7,465
+/- 1% in interest rates (interest expense)	-	-
	<u>7,465</u>	<u>7,465</u>

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

(e) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

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

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents (i)	270,892	270,892	246,544	246,544
Trade and other receivables (i)	133,264	133,264	78,549	78,549
Financial assets	<u>550,000</u>	<u>550,000</u>	<u>500,000</u>	<u>500,000</u>
Total financial assets	<u>954,156</u>	<u>954,156</u>	<u>825,093</u>	<u>825,093</u>
Financial liabilities				
Trade and other payables (i)	35,398	35,398	33,727	33,727
Borrowings	-	-	7,750	7,750
Bank overdraft	-	-	-	-
Total financial liabilities	<u>35,398</u>	<u>35,398</u>	<u>41,477</u>	<u>41,477</u>

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

West Beach Districts Community Financial Services Limited
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Directors' Declaration

In accordance with a resolution of the Directors of West Beach & Districts Community 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:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2020 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard *AASB124 Related Party Disclosures* and the *Corporations Regulations 2001*.

This resolution is made in accordance with a resolution of the Board of Directors.



Timothy Ryan, Chairman
Director

Signed at West Beach on 13th October 2020

Independent Auditor's Report

To the members of West Beach & Districts Community Financial Services Limited

Report on the audit of the financial report

I have audited the financial report of West Beach & Districts Community Financial Services Limited which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In my opinion the financial report of West Beach & Districts Community Financial Services Limited 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

I have conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the company's financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. My opinion is not modified in respect of this matter.

Directors' Responsibilities

The Directors 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*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of a 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 company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

I 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 I identify during my audit.



Bruce H Carpenter
Registered Company Auditor No 374687

Level 8, 185 Victoria Square
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Dated: 13 October 2020

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