



So long & Farewell to BlazeAid volunteers

2021 Annual Report



Palerang Financial Services Limited

ABN 83 097 801 100

Community Bank Braidwood
Community Bank Bungendore
Community Bank Agency Crookwell

Contents

Chairman's Report	2
Senior Manager's Report	4
Directors' Report	6
Auditor's Independence Declaration	10
Financial statements	11
Notes to the financial statements	15
Community contributions Braidwood 2020/21	21
Community contributions Braidwood and Bungendore	22
Community contributions Bungendore 2020/21	24
Directors' Declaration	44
Independent Auditor's Report	45







Chairman's report

For year ending 30 June 2021

It is my privilege to provide you with the Palerang Financial Services Limited Annual Report for the 2020/2021 Year.

This report reflects upon yet another year in which our region and the country have been presented with a significant challenge. The Covid-19 pandemic has affected all elements of our community with some effect upon our ability to service our customers. Additionally, the low interest rate environment in our economy translates into lower margins for our business. When this situation occurs in conjunction with a property market that is seeing record demand (and prices) the competitive environment between lenders becomes even keener.

The Company enjoyed some growth across the year through onboarding 223 new customers and growing the business by \$40.4m. This takes our overall footings (i.e. business size) to \$408m.

Revenue	Profit After Tax	Expense
\$2,597,298	\$263,894	\$2,271,543
		
New Business	New Customers	Assets
\$40.4m	223	\$2,932,157
		

Our results are a very good outcome considering the impacts upon the economy and across the nation. We have been tireless in ensuring that our customers and staff remain as safe as possible whilst we have also been focused on the business.

Chairman's report (continued)

This year also saw significant change with the farewelling of some long-term staff and structural change being implemented so that we can reach out and better service our customers on their terms. The structural change has included onboarding additional staff members who are focused upon assisting our customers in achieving their aspirations.

On the back of the increased growth, we did have an increase in revenue commensurate with an increase in expenses. Community contributions remained high at \$545,110 for the year but we must note that the effect of the pandemic limited the delivery of those contributions to outcomes. Nevertheless, funds are deposited in the Community Enterprise Foundation for delivery to approved projects in the future. This business has delivered or allocated funding for Community endeavours that amounts to \$4.5m since commencement.

The company continues to develop and grow despite the impacted business climate due to the COVID-19 pandemic. Our ability to operate and serve our customers has been due to our staff being very resilient and dedicated to the tasks at hand. I thank them very much indeed.

We continue to maintain our excellent structural position (i.e. no debt, \$2.9m in assets and \$0.441m in liabilities) and our current plans regarding growing the business continues to utilise this as a base for growth. The company has declared a franked dividend of 7.5 cents per share (CPS) (\$0.075) as at 1 November 2021 to be paid to shareholders in December 2021.

We look forward to seeing you in one of our branches soon.

Shane Holness
Chairman, PFSL Board of Directors

Senior Manager's Report

For year ending 30 June 2021

Another challenging year with Covid-19 Delta keeping everyone at home and many businesses closed for extended periods. Against this we saw the continuation of record low interest rates and a property boom.

With the record low rates we saw our interest margins contract by 11.5% which meant our income would have dropped accordingly but we had another strong year of business growth. Loans grew by \$16.3million and deposits by \$23.9 million, giving an overall business growth of \$40.2 million. This saw us achieve revenue of \$2,540,259 from operations which was slightly up on the previous year.

Profit before tax, donations and sponsorship was \$883,239 which was down \$44,868 from the previous year. This was made up from the market development fund of \$38,098 that Bendigo ceased paying, and the reduction of the government's Covid-19 cash flow boost of \$25,000.

We continue to have a very strong balance sheet with \$2,491,090 in net assets and no debt.

I would like to put out a sincere thank you to the staff who have continued to work through the pandemic, keeping the branches open and with some juggling schooling at home and other duties as well.

Foot traffic has dropped dramatically over the past year and we have taken the hard decision to close on Saturdays and open one hour less per day during the week. This is not following the ways of the big banks but responding to how our thousands of customers are interacting with us, which is more and more online and by phone.

It has also been a period of great change in the staffing and structure of the business. We have said farewell to of our longest serving staff members in Tracey Elliott in Bungendore and Scott Hart in Braidwood. They had 33 years of service between them and we wish them all the best for their future endeavours. Andrew Pollitt, who was the manager of Bungendore, left in July 2020 to return to WA for family reasons.

We have also welcomed the following new staff to the Palerang team:

Dale Husking, Business Development Manager at Bungendore.

Malisa Wah, Customer Service Officer at Bungendore.

Sally Harrison, Customer Service Officer at Bungendore.

Melinda O'Dea, Mobile Relationship Manager based at Braidwood.

Senior Manager's report (continued)

Due to the pandemic and subsequent lockdowns and restrictions we have seen less community activity due to people not being able to gather together. This has resulted in our community activities being less than in a normal year, however the funds are still there and will be available as we look forward to back to normal levels of community activities. Nick Fry is moving into a role as Community Engagement Manager to expand on his already wide community work.

As we move to 2022 we expect to see business activity to continue and with normality returning, hopefully we are in for a happy year where everyone can meet up with family and friends from near and far, and get back to life as it was.

I look forward to continuing our relationship into the future.

Craig Pettit
Senior Manager

Directors' Report

The directors of the company who held office during the financial year and to the date of this report are:

Shane Holness

Chairman

Occupation: Project Management Consultant

Qualifications, experience and expertise: AIMM;GAICD. Shane has operated a family business since 1999; former director in the APS; former member of the Royal Australian Navy; member of the Community Bank National Council.

Other current directorships: Warringah Financial Services Ltd, Director & Chair of Western Riverina Community Financial Services Pty Ltd

Special responsibilities: Chairman, Governance & Risk Committee, Finance & HR Committee

Interest in shares: 2,000 ordinary shares

Hanna Darmody

Vice-Chair

Occupation: Project Manager

Qualifications, experience and expertise: Hanna has a diploma of Marketing from Canberra Institute of Technology. She is currently employed in project management requiring a range of administration, financial and people management skills. Hanna has extensive involvement in the local Bungendore community.

Special responsibilities: Vice-Chair, Bungendore Community Funding Committee

Interest in shares: 500 ordinary shares

Rhyll Elizabeth Tozer

Treasurer

Occupation: Chartered Accountant

Qualifications, experience and expertise: Registered Tax Agent. Started working career in banking for Westpac Melbourne office. Treasurer for Braidwood Life Centre and the Bungendore Chamber of Commerce. Chaired the Braidwood Community Help fund which dispersed donated funds to affected residents and businesses of the 2019/2020 bushfires.

Special responsibilities: Treasurer, Finance & HR Committee

Interest in shares: nil share interest held

Gordon Waters

Non-executive director

Occupation: IT business owner

Qualifications, experience and expertise: Gordon has a bachelor of Information Technology from CQU. Gordon runs a local IT support business. He is also the volunteer manager of the community radio station which keeps him in touch with various community organisations and events staged in the area.

Special responsibilities: Braidwood Community Funding Committee

Interest in shares: nil share interest held

Dale Josephine Towell

Non-executive director

Occupation: Authorised Marriage Celebrant

Qualifications, experience and expertise: Secretary, Rally director and magazine editor - Classic Riders Club Goulburn.

Special responsibilities: Governance & Risk Committee, Bungendore Community Funding Committee

Interest in shares: nil share interest held

Diana Mary Izzard

Non-executive director

Occupation: Farmer

Qualifications, experience and expertise: Di runs a sheep and cattle farm in the area. She is closely involved with several community groups including the Braidwood Show Society and the Gundillion Hall and Recreation Trust. Di also has previous experience in administration and accounts working in the Australia Federal Public Service and in private enterprise.

Special responsibilities: Braidwood Community Funding Committee

Interest in shares: 7,500 ordinary shares

Directors' report (continued)

Richard William Elliot
Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Richard has a scientific background and has previously sat on the board of a Credit Union. Richard is currently the captain of the Majors Creek Rural Fire Service. He is involved in several community organisations such as Braidwood National Theatre s355 Committee, Braidwood Film Club and Historical Radio Society.

Special responsibilities: Braidwood Community Funding Committee

Interest in shares: 9,500 ordinary shares jointly held

Garry Edward Cook
Non-executive director

Occupation: Business owner

Qualifications, experience and expertise: Garry is very active in local community groups and events. He also has a strong background in management and financial monitoring. Garry has his own agricultural business and he is a graduate of the Australian Institute of Company Directors.

Special responsibilities: Finance & HR Committee, Bungendore Community Funding Committee

Interest in shares: nil share interest held

Andrew Trevor Callan
Non-executive director

Occupation: Underground Mine Supervisor

Qualifications, experience and expertise: BA Agriculture / BA Business (UNE). Certificate IV in Metalliferous Mining Operations (Underground). NSW Underground Mine Supervisor. Underground Miner. NSW Underground Shot firer. Farmer and Grazier. Chairperson of Braidwood and District Education Foundation Committee.

Special responsibilities: Governance and Risk Committee

Interest in shares: nil share interest held

Matt O'Brien

Non-executive director (resigned 25 March 2021)

Occupation: Solicitor

Qualifications, experience and expertise: Matt is a practicing solicitor and member of the NSW law society. Matt has a wide range of experience through his legal career. Matt has been the captain of the Wamboin Rural Fire Service since 2016.

Special responsibilities: Governance & Risk Committee

Interest in shares: nil share interest held

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

No directors have material interest in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Janene Collins. Janene was appointed to the position of secretary on 28 August 2014.

Qualifications, experience and expertise: Janene has a Diploma of Community Organisation Management and an Associate Degree in Library and Information Studies as well as many years experience as an Administrator and a volunteer board member with a variety of organisations.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

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

Directors' report (continued)

Operating results

The profit of the company for the financial year after provision for income tax was:

	Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
Profit after income tax	263,894	231,560
Other comprehensive income	307,333	-
Total comprehensive income	<u>571,227</u>	<u>231,560</u>

During the year the company valued its Braidwood and Bungendore properties. The valuations resulted in an increment to the carrying amount of the properties resulting in a revaluation gain of \$307,333 in the Statement of Profit or Loss and Other Comprehensive Income.

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Shane Holness	2,000	-	2,000
Hanna Darmody	500	-	500
Rhyll Elizabeth Tozer	-	-	-
Gordon Waters	-	-	-
Dale Josephine Towell	-	-	-
Diana Mary Izzard	7,500	-	7,500
Richard William Elliot	9,500	-	9,500
Garry Edward Cook	-	-	-
Andrew Trevor Callan	-	-	-
Matt O'Brien	-	-	-

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per share	Total amount \$
Final fully franked dividend	<u>7.50</u>	<u>99,032</u>

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 31 to the financial statements. 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.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or managers of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' report (continued)

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the financial year were:

	Board Meetings	
	<i>Eligible</i>	<i>Attended</i>
Shane Holness	12	11
Hanna Darmody	12	8
Rhyll Elizabeth Tozer	12	10
Gordon Waters	12	11
Dale Josephine Towell	12	11
Diana Mary Izzard	12	8
Richard William Elliot	12	11
Garry Edward Cook	12	12
Andrew Trevor Callan	12	7
Matt O'Brien	8	4

Proceedings on behalf of the company

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 30 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors at Braidwood, NSW.



Shane Holness, Chairman

Dated this 23rd day of September 2021

Auditor's independence declaration



61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the Corporations Act 2001 to the Directors of Palerang Financial Services Limited

As lead auditor for the audit of Palerang Financial Services Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 September 2021

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor



afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337

Financial statements

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	2,540,259	2,502,444
Other revenue	9	52,953	139,112
Finance income	10	4,086	10,086
Employee benefit expenses	11d)	(1,218,158)	(1,252,168)
Charitable donations, sponsorship, advertising and promotion	11c)	(545,110)	(630,626)
Occupancy and associated costs		(64,388)	(59,159)
Systems costs		(43,805)	(47,992)
Depreciation and amortisation expense	11a)	(82,003)	(100,156)
Finance costs	11b)	(2,825)	(3,513)
General administration expenses		(315,254)	(263,135)
Fair value gains on investments	12	12,374	2,588
Profit before income tax expense		338,129	297,481
Income tax expense	13a)	(74,235)	(65,921)
Profit after income tax expense		263,894	231,560
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss:			
Net gain on revaluation of land and buildings	26b)	307,333	-
Other comprehensive income for the year, net of income tax		307,333	-
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		571,227	231,560
Earnings per share		¢	¢
- Basic and diluted earnings per share:	33a)	19.99	17.54

Financial statements (continued)

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	14	988,648	894,431
Trade and other receivables	17	220,620	202,430
Current tax assets	21a)	-	7,882
Total current assets		1,209,268	1,104,743
Non-current assets			
Other investments	16a)	138,240	113,958
Investment property	15a)	8,065	11,004
Property, plant and equipment	18a)	1,416,664	1,022,897
Right-of-use assets	19a)	33,252	44,017
Intangible assets	20a)	126,668	21,335
Deferred tax asset	21b)	-	10,509
Total non-current assets		1,722,889	1,223,720
Total assets		2,932,157	2,328,463
LIABILITIES			
Current liabilities			
Trade and other payables	22a)	81,531	47,642
Current tax liabilities	21a)	17,886	-
Lease liabilities	23a)	16,158	14,866
Employee benefits	24a)	156,972	171,106
Total current liabilities		272,547	233,614
Non-current liabilities			
Lease liabilities	23b)	28,939	43,784
Employee benefits	24b)	41,247	32,170
Deferred tax liability	21b)	98,334	-
Total non-current liabilities		168,520	75,954
Total liabilities		441,067	309,568
Net assets		2,491,090	2,018,895
EQUITY			
Issued capital	25a)	1,062,849	1,062,849
Reserves	26b)	423,150	115,817
Retained earnings	27	1,005,091	840,229
Total equity		2,491,090	2,018,895

Financial statements (continued)

	Notes	Issued capital \$	Revaluation reserve \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019		1,062,849	115,817	707,701	1,886,367
Total comprehensive income for the year		-	-	231,560	231,560
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	32a)	-	-	(99,032)	(99,032)
Balance at 30 June 2020		1,062,849	115,817	840,229	2,018,895
Balance at 1 July 2020		1,062,849	115,817	840,229	2,018,895
Total comprehensive income for the year		-	-	263,894	263,894
Other comprehensive income:					
Net gain on revaluation of land and buildings	26	-	307,333	-	307,333
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	32a)	-	-	(99,032)	(99,032)
Balance at 30 June 2021		1,062,849	423,150	1,005,091	2,491,090

Financial statements (continued)

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		2,822,732	2,897,408
Payments to suppliers and employees		(2,401,301)	(2,491,609)
Interest received		4,086	10,086
Interest paid		(2)	(9)
Lease payments (interest component)	11b)	(2,823)	(3,504)
Lease payments not included in the measurement of lease liabilities	11e)	(16,200)	(18,627)
Income taxes paid		(47,604)	(82,740)
Net cash provided by operating activities	28	358,888	311,005
Cash flows from investing activities			
Payments for property, plant and equipment		(23,745)	(27,083)
Payments for intangible assets		(126,876)	(23,705)
Payments for investments		(57,554)	-
Proceeds from sale of investments		57,554	-
Net cash used in investing activities		(150,621)	(50,788)
Cash flows from financing activities			
Lease payments (principal component)		(15,018)	(13,817)
Dividends paid	32a)	(99,032)	(99,032)
Net cash used in financing activities		(114,050)	(112,849)
Net cash increase in cash held		94,217	147,368
Cash and cash equivalents at the beginning of the financial year		894,431	747,063
Cash and cash equivalents at the end of the financial year	14	988,648	894,431

Notes to the Financial Statements

Note 1 Reporting entity

This is the financial report for Palerang Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
Unit 1, 19 Park Lane Braidwood NSW 2622	Unit 1, 19 Park Lane Braidwood NSW 2622

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 31.

Note 2 Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 23 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2020, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

a) Revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Notes to the Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

<u>Revenue</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank 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.

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 Bank for a deposit,
- *minus* any costs of funds i.e. interest applied to fund a loan.

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

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.

Core banking products

Bendigo Bank has identified some 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.

Notes to the Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

Ability to change financial return

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

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

b) Other revenue

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

<u>Revenue</u>	<u>Revenue recognition policy</u>
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Notes to the Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

b) Other revenue (continued)

Cash flow boost

In response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank 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 and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager 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
- sales techniques and proper customer relations.
- providing payroll services.

Notes to the Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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

Notes to the Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

e) Taxes (continued)

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

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 taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

f) Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Land and Buildings	Straight-line	6 to 80 years
Plant and equipment	Straight-line	5 to 40 years
Motor vehicles	Straight-line	4 years

Depreciation methods, useful life, and residual values are reviewed at each reporting date and adjusted if appropriate.

h) Intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Franchise fee	Straight-line	Over the franchise term (3 to 5 years)

Amortisation methods, useful life, and residual values are reviewed at each reporting date and adjusted if required.

Notes to the Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, equity securities (shares, managed funds, ETFs).

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus, transaction costs (where applicable) when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method, except for the equity securities which remain at fair value through profit or loss (FVTPL).

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

h) Impairment

Non-derivative financial assets

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2021.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

j) Issued capital

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

k) Provisions

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

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Notes to the Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

l) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the demised leased premises.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

Community Bank Braidwood

Contributions to our community 2020/21

Organisation	Project Title	Amount \$
Braidwood Servicemens Club	Braidwood Apex Defensive Driving Course	2,000.00
Nerriga Art & Craft Museum	Signage	660.00
Braidwood Rugby Union Club	2020 Season	5,000.00
Braidwood Youth Performing Art Association	Drama Workshops	500.00
Commonwood Farm Incorporated	Braidwood Riparian Walk	500.00
Braidwood Servicemens Club	Braidwood Golf Club Equipment, Signage & Juniors	5,000.00
Braidwood Servicemens Club	Braidwood CWA Cookbook	3,500.00
Braidwood Community Assoc	Skatepark T-shirts Project	3,038.00
Braidwood Swimming Club	2020-2021 Swimming Season	900.00
Braidwood Jockey Club	Screen Hire	3,000.00
Braidwood Show Society	2021 Annual Carnival	3,000.00
The Nerriga Museum Craft Centre	Reprint of Local History Book	3,500.00
Braidwood Central School P&C	Movie Night	310.00
Lions Club of Braidwood	Braidwood Antiques Fair	1,500.00
Braidwood Servicemens Club	Braidwood Apex for Defensive Driver Training	2,000.00
Braidwood Regional Arts Group	Art on Fire Postcards Project	679.10
Braidwood & District Historical Society	Old Braidwood Hospital Photography Book	3,000.00
Braidwood Life Centre	Annual Christmas Hampers and Lunch	5,000.00
Braidwood Men's Shed	Tool Sharpening System	2,500.00
Prostate Cancer Association	Donation	500.00
Movember	Donation	100.66
Braidwood & District Education Foundation	2021 Student Grants	11,000.00

Organisation	Project Title	Amount \$
Braidwood Central School	Horticultural Facility	40,000.00
Braidwood Servicemens Club	Refurbishment of Facilities	100,000.00
Braidwood FM Inc	Local Podcast Bushfire Series	35,000.00
Scholarships	J.Kay, S Deniher, W Corby	9,500.00
Emergency Appeals	WA Bushfire Appeal; NSW Flood Appeal	2,000.00
Braidwood Community Arts Assoc	Documentary Film - A Community Under Fire	40,000.00

Braidwood total 2020-21	\$283,688
Combined total 2020-21	\$491,511
Braidwood total 2004-21	\$2,624,782
Combined total 2004-21	\$4,190,131

Community contributions 2020/21



Braidwood



1. Golf Club Ladies Challenge
2. Nerriga Museum
3. Braidwood Central Horticultural Building
4. Upgrade for Braidwood Services Club facilities
5. Braidwood Skaters T-shirt stall



1



2



3

Bungendore



4



5

Thanks to Sharon at Regional Independent for photos



6

1. Rotary Defensive Driving Course participants
2. Major Renovations to Bowling & Sports Club
3. War Memorial repairs
4. Bungendore Rugby Club Fundraiser for Abbeyfield
5. Rotary Club Community Garden funding
6. Bungendore Netball Cadets

Community Bank Bungendore

Contributions to our community 2020/21

Organisation	Project Title	Amount \$
Bungendore Rugby League Football Club	2020 Season	5,000.00
Bungendore United Football Club	2020 Season	2,500.00
The BVH Memorial Trust	Bungendore Swimming Club 2020 Season	5,168.00
Catholic Parish of St Marys Bungendore	Bungendore Community Hampers	500.00
Bungendore Netball Club	BBQ Fundraising Day	300.00
Bungendore Junior Rugby League Football Club	2021/2022 Season	10,000.00
Rotary Club of Bungendore	Defensive Driving Course	2,000.00
Bungendore Rugby Football Club Inc	2021 Season	5,000.00
Bungendore War Memorial Committee	Annual Commemorative Dinner	500.00
Bungendore Community Soccer	2021 Jerseys	2,500.00
Bungendore Netball Club	2021 Season	3,000.00
Bungendore Rugby League Football Club	Bungendore Tigerettes 2021 Season	5,000.00
Bungendore Polocrosse Club	Bungendore Polocrosse Carnival 2021	2,000.00
Bungendore Spring Ball Committee	Band for Bungendore Spring Ball 2021	3,000.00
Bungendore Rugby Football Club Inc	Mudhooks Ladies Day Fundraiser	2,520.00
Rotary Club of Bungendore	Bungendore War Memorial Restoration	19,743.00
Captains Flat Mens Shed	Conference Room Upgrade	24,978.00
Scholarship	M Michie, S Doyle, E Dawe, P Knight, G Swan, S Holloway, MJ Darmody, I Hawkins	22,000.00
Tarago Men's Shed Assoc	Upgrade facilities	3,960.00
WA Bushfire Appeal	WA Bushfire Appeal	1,000.00
NSW Flood Appeal	NSW Flood Appeal	1,000.00
Rotary Club of Bungendore	Community Garden	8,220.00
Bowls & Sports Club	Upgrade facilities & amenities	77,900.00
Tarago Show Grounds	Solar Panels	4,100.00

Bungendore total 2020-21	\$207,823
Combined total 2020-21	\$491,511
Bungendore total 2005-21	\$1,565,349
Combined total 2004-21	\$4,190,131

Notes to the Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

l) Leases (continued)

As a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognises the sublease portion of the right-of-use asset within investment property. The portion calculated based on the number of days per week the right-of-use asset is used by the sublessee as a percentage of the total number of days per week.

m) Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

<u>Note</u>	<u>Judgement</u>
- Note 23 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

Notes to the Financial Statements (continued)

Note 5 Significant accounting judgements, estimates, and assumptions (continued)

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

<u>Note</u>	<u>Assumptions</u>
- Note 21 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
Note 18 - fair value	determining the fair value less costs to sell of the disposal group on the basis valuations performed by a third party qualified valuer using quoted prices for similar assets in an active market;
- Note 16 - fair value	determining the fair value less costs to sell of the disposal group on the basis of quoted market price at the close of business at the end of the reporting period;
- Note 18 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 24 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation.

Note 6 Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

Risk management is carried out directly by the board of directors.

a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2021

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	45,097	18,193	30,323	-
Trade and other payables	81,531	81,531	-	-
	<u>126,628</u>	<u>99,724</u>	<u>30,323</u>	<u>-</u>

Notes to the Financial Statements (continued)

Note 6 Financial risk management (continued)

b) Liquidity risk (continued)

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	58,650	17,664	47,104	-
Trade and other payables	47,642	47,642	-	-
	<u>106,292</u>	<u>65,306</u>	<u>47,104</u>	<u>-</u>

c) Market risk

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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

Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

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

Sensitivity analysis - equity price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). All unlisted equity investments trade shares through a Low Volume Financial Market. Changes in equity securities value is recognise through profit or loss or other comprehensive income.

	2021		2020	
	\$	\$	\$	\$
	10% increase	10% decrease	10% increase	10% decrease
Equity securities	<u>13,824</u>	<u>(13,824)</u>	<u>11,396</u>	<u>(11,396)</u>

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$988,648 at 30 June 2021 (2020: \$894,431). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Notes to the Financial Statements (continued)

Note 7 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 distributions 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.

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2021 can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 8 Revenue from contracts with customers

	2021 \$	2020 \$
- Margin income	2,258,242	2,222,693
- Fee income	164,000	168,979
- Commission income	118,017	110,772
	<u>2,540,259</u>	<u>2,502,444</u>

Note 9 Other revenue

	2021 \$	2020 \$
- Sub-leasing income	3,545	3,545
- Dividend and distribution income	6,948	1,219
- Market development fund income	-	33,750
- Cash flow boost	37,500	62,500
- Sale of FVTPL equity instruments	4,804	-
- Other income	156	38,098
	<u>52,953</u>	<u>139,112</u>

Note 10 Finance income

	2021 \$	2020 \$
- Term deposits	<u>4,086</u>	<u>10,086</u>

Finance income is recognised when earned using the effective interest rate method.

Notes to the Financial Statements (continued)

Note 11 Expenses

a) Depreciation and amortisation expense	2021 \$	2020 \$
<i>Depreciation of non-current assets:</i>		
- Buildings	18,392	25,980
- Plant and equipment	14,418	20,363
- Motor vehicles	12,481	13,039
	<u>45,291</u>	<u>59,382</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	<u>15,169</u>	<u>14,698</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	<u>21,543</u>	<u>26,076</u>
Total depreciation and amortisation expense	<u>82,003</u>	<u>100,156</u>
b) Finance costs		
- Lease interest expense	2,823	3,504
- Other	2	9
	<u>2,825</u>	<u>3,513</u>

Finance costs are recognised as expenses when incurred using the effective interest rate.

c) Charitable donations, sponsorship, advertising and promotion

The overarching philosophy of the Community Bank model is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	2021 \$	2020 \$
- Direct sponsorship, advertising, and promotion payments	154,110	243,626
- Contribution to the Community Enterprise Foundation™	391,000	387,000
	<u>545,110</u>	<u>630,626</u>

The funds contributed are held by the Community Enterprise Foundation™ (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

d) Employee benefit expenses	2021 \$	2020 \$
Wages and salaries	1,038,594	1,099,456
Contributions to defined contribution plans	99,653	105,373
Expenses related to long service leave	8,004	3,247
Other expenses	71,907	44,092
	<u>1,218,158</u>	<u>1,252,168</u>

Notes to the Financial Statements (continued)

Note 11 Expenses (continued)

e) Recognition exemption

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

	2021 \$	2020 \$
Expenses relating to low-value leases	16,200	18,627

Note 12 Fair value gains on investments

	2021 \$	2020 \$
- At FVTPL - equity instruments	12,374	2,588

These amounts relate to the increase in the market value of investments or financial assets held by the company.

Note 13 Income tax expense

a) Amounts recognised in profit or loss

	2021 \$	2020 \$
<i>Current tax expense</i>		
- Current tax	73,372	64,243
- Movement in deferred tax	108,624	316
- Property, plant and equipment at FVTOCI	(107,981)	-
- Adjustment to deferred tax on AASB 16 retrospective application	-	756
- Reduction in company tax rate	220	606
	<u>74,235</u>	<u>65,921</u>

b) Prima facie income tax reconciliation

Operating profit before taxation	338,129	297,481
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	87,914	81,807
Tax effect of:		
- Non-deductible expenses	-	710
- Non-assessable income	(9,747)	(17,188)
- Temporary differences	(4,795)	(1,086)
- Movement in deferred tax	108,624	316
- Investments at FVTOCI	(107,981)	-
- Leases initial recognition	-	756
- Reduction in company tax rate	220	606
	<u>74,235</u>	<u>65,921</u>

Notes to the Financial Statements (continued)

Note 14 Cash and cash equivalents

	2021	2020
	\$	\$
- Cash at bank and on hand	446,675	356,546
- Term deposits	541,973	537,885
	<u>988,648</u>	<u>894,431</u>

Note 15 Investment property

The company subleases some of its property. The company initially measures the head lease in accordance with AASB 16 before separately identifying the sublease portion under AASB 140 Investment Property. The investment property is initially measured at cost under AASB 16 and subsequently measured at cost less accumulated depreciation under AASB 140.

a) Carrying amounts	2021	2020
	\$	\$
<i>Investment properties - sublease</i>		
At cost	18,115	17,822
Less: accumulated depreciation	(10,050)	(6,818)
Total written down amount	<u>8,065</u>	<u>11,004</u>

b) Reconciliation of carrying amounts

<i>Investment properties - sublease</i>		
Carrying amount at beginning	11,004	-
Initial recognition on transition - at cost	-	17,452
Initial recognition on transition - accumulated depreciation	-	(3,878)
Remeasurement adjustments	194	370
Depreciation	(3,133)	(2,940)
Total written down amount	<u>8,065</u>	<u>11,004</u>

Note 16 Other investments

The company classifies investments as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other investments are classified as non-current.

a) Non-current investments	2021	2020
	\$	\$
Equity securities - at FVTPL	<u>138,240</u>	<u>113,958</u>

Note 17 Trade and other receivables

a) Current assets	2021	2020
	\$	\$
Trade receivables	207,888	193,627
Prepayments	12,732	8,803
	<u>220,620</u>	<u>202,430</u>

Notes to the Financial Statements (continued)

Note 18 Property, plant and equipment

a) Carrying amounts	2021 \$	2020 \$
<i>Land</i>		
At fair value	418,105	172,780
<i>Buildings</i>		
At fair value	939,571	824,519
Less: accumulated depreciation	(68,366)	(104,910)
	871,205	719,609
<i>Plant and equipment</i>		
At cost	297,687	297,687
Less: accumulated depreciation	(205,477)	(191,059)
	92,210	106,628
<i>Motor vehicles</i>		
At cost	80,271	56,526
Less: accumulated depreciation	(45,127)	(32,646)
	35,144	23,880
Total written down amount	1,416,664	1,022,897
b) Reconciliation of carrying amounts		
<i>Land</i>		
Carrying amount at beginning	172,780	172,780
Revaluation	245,325	-
	418,105	172,780
<i>Buildings</i>		
Carrying amount at beginning	719,609	745,589
Revaluation	169,988	-
Depreciation	(18,392)	(25,980)
	871,205	719,609
<i>Plant and equipment</i>		
Carrying amount at beginning	106,628	122,753
Additions	-	4,238
Depreciation	(14,418)	(20,363)
	92,210	106,628
<i>Motor vehicles</i>		
Carrying amount at beginning	23,880	14,074
Additions	23,745	22,845
Depreciation	(12,481)	(13,039)
	35,144	23,880
Total written down amount	1,416,664	1,022,897

Notes to the Financial Statements (continued)

Note 18 Property, plant and equipment (continued)

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

d) Fair value

The fair value of investment property was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's investment property portfolio every 3 to 5 years.

The company's Braidwood and Bungendore properties were independently valued effective 16 November 2020 by Saunders & Staniforth Valuers. The valuations resulted in an increment to the carrying amount of the properties resulting in a revaluation gain of \$307,333 in the Statement of Profit or Loss and Other Comprehensive Income.

Note 19 Right-of-use assets

a) Carrying amounts

	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
At cost	72,460	71,289
Less: accumulated depreciation	(39,208)	(27,272)
Total written down amount	<u>33,252</u>	<u>44,017</u>

b) Reconciliation of carrying amounts

Leased land and buildings

Carrying amount at beginning	44,017	-
Initial recognition on transition	-	69,812
Accumulated depreciation on adoption	-	(15,514)
Remeasurement adjustments	1,271	1,477
Depreciation	(12,036)	(11,758)
Total written down amount	<u>33,252</u>	<u>44,017</u>

Note 20 Intangible assets

a) Carrying amounts

	2021	2020
	\$	\$
<i>Franchise fee</i>		
At cost	328,359	201,483
Less: accumulated amortisation	(201,691)	(180,148)
Total written down amount	<u>126,668</u>	<u>21,335</u>

b) Reconciliation of carrying amounts

Franchise fee

Carrying amount at beginning	21,335	47,411
Additions	126,876	-
Amortisation	(21,543)	(26,076)
Total written down amount	<u>126,668</u>	<u>21,335</u>

Notes to the Financial Statements (continued)

Note 20 Intangible assets (continued)

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

The company renewed the franchise fees during the period. Both are being amortised over the next 5 years until 2026.

Note 21 Tax assets and liabilities

a) Current tax

	2021 \$	2020 \$
Income tax payable/(refundable)	17,886	(7,882)

b) Deferred tax

Deferred tax assets

- expense accruals	-	200
- employee provisions	49,685	52,985
- lease liability	11,274	15,249
Total deferred tax assets	60,959	68,434

Deferred tax liabilities

- fair value of investments	4,260	602
- property, plant and equipment	144,704	43,018
- right-of-use assets	10,329	14,305
Total deferred tax liabilities	159,293	57,925

Net deferred tax assets (liabilities)

	(98,334)	10,509
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(108,843)	(3,088)
Movement in deferred tax charged to Statement of Changes in Equity	-	756

Note 22 Trade creditors and other payables

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

a) Current liabilities

	2021 \$	2020 \$
Trade creditors	6,581	16,263
Other creditors and accruals	74,950	31,379
	81,531	47,642

Notes to the Financial Statements (continued)

Note 23 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5.39%.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The company's lease portfolio includes:

- Park Lane Lease The lease agreement commenced in March 2018. A 2 year renewal option was exercised in March 2020. The company has 1 x 2 year renewal option available which, for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is March 2024.

a) Current lease liabilities	2021	2020
	\$	\$
Property lease liabilities	18,193	17,664
Unexpired interest	(2,035)	(2,798)
	<u>16,158</u>	<u>14,866</u>
 b) Non-current lease liabilities		
Property lease liabilities	30,323	47,104
Unexpired interest	(1,384)	(3,320)
	<u>28,939</u>	<u>43,784</u>
 c) Reconciliation of lease liabilities		
Balance at the beginning	58,650	-
Initial recognition on AASB 16 transition	-	70,620
Remeasurement adjustments	1,465	1,847
Lease interest expense	2,823	3,504
Lease payments - total cash outflow	(17,841)	(17,321)
	<u>45,097</u>	<u>58,650</u>
 d) Maturity analysis		
- Not later than 12 months	18,193	17,664
- Between 12 months and 5 years	30,323	47,104
Total undiscounted lease payments	<u>48,516</u>	<u>64,768</u>
Unexpired interest	(3,419)	(6,118)
Present value of lease liabilities	<u>45,097</u>	<u>58,650</u>

Note 24 Employee benefits

a) Current liabilities	2021	2020
	\$	\$
Provision for annual leave	57,429	70,490
Provision for long service leave	99,543	100,616
	<u>156,972</u>	<u>171,106</u>

Notes to the Financial Statements (continued)

Note 24 Employee benefits (continued)

b) Non-current liabilities	2021 \$	2020 \$
Provision for long service leave	41,247	32,170

c) Key judgement and assumptions

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

Note 25 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,062,849	1,062,849	1,062,849	1,062,849
Bonus shares - fully paid (2:1)	257,570	-	257,570	-
	<u>1,320,419</u>	<u>1,062,849</u>	<u>1,320,419</u>	<u>1,062,849</u>

b) Rights attached to issued capital

Ordinary shares

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 branch have the same ability to influence the operation of the company.

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 Bank 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).

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*.

Notes to the Financial Statements (continued)

Note 25 Issued capital (continued)

b) Rights attached to issued capital (continued)

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").

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.

Note 26 Reserves

a) Nature and purpose of reserves

The revaluation reserve relates to the revaluation of property, plant and equipment.

b) Disaggregation of reserve balances, net of tax

	Revaluation reserve		Total other comprehensive income	
	2021	2020	2021	2020
	\$	\$	\$	\$
Balance at beginning of reporting period	115,817	115,817	-	-
Revaluation of property plant and equipment	307,333	-	307,333	-
Balance at end of reporting period	<u>423,150</u>	<u>115,817</u>	<u>307,333</u>	<u>-</u>

Notes to the Financial Statements (continued)

Note 27 Retained earnings

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		840,229	709,693
Adjustment for transition to AASB 16		-	(1,992)
Net profit after tax from ordinary activities		263,894	231,560
Dividends provided for or paid	32a)	(99,032)	(99,032)
Balance at end of reporting period		<u>1,005,091</u>	<u>840,229</u>

Note 28 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	263,894	231,560
Adjustments for:		
- Depreciation	60,460	74,080
- Amortisation	21,543	26,076
- Increase in fair value of equity instruments designated at FVTPL	(12,374)	(2,588)
- (Profit)/loss on disposal of non-current assets	(4,804)	-
- Income reinvested in financial assets	(7,104)	(1,416)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(18,190)	(9,968)
- (Increase)/decrease in other assets	18,391	(6,204)
- Increase/(decrease) in trade and other payables	33,890	6,832
- Increase/(decrease) in employee benefits	(5,057)	3,247
- Increase/(decrease) in tax liabilities	8,239	(10,614)
Net cash flows provided by operating activities	<u>358,888</u>	<u>311,005</u>

Notes to the Financial Statements (continued)

Note 29 Financial instruments - fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount				Fair value level	
		2021 \$ FVTPL	2021 \$ At amortised cost	2020 \$ FVTPL	2020 \$ At amortised cost	2021 \$ Level 1	2020 \$ Level 1
Financial assets measured at fair value:							
Equity securities	16	138,240	-	113,958	-	138,240	113,958
Financial assets not measured at fair value:							
Cash and cash equivalents	14	-	446,675	-	356,546	-	-
Term deposits	14	-	541,973	-	537,885	-	-
Trade and other receivables	17	-	207,888	-	193,627	-	-
		-	1,196,536	-	1,088,058	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	22	-	81,531	-	47,642	-	-
Lease liabilities	23	-	45,097	-	58,650	-	-
		-	126,628	-	106,292	-	-

Note 30 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements (AFS)	5,900	2,400
- Audit and review of financial statements (RSD)	-	4,235
<i>Non audit services</i>		
- Taxation advice and tax compliance services	600	600
- General advisory services	4,090	3,095
Total auditor's remuneration	10,590	10,330

Notes to the Financial Statements (continued)

Note 31 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Shane Holness
Hanna Darmody
Rhyll Elizabeth Tozer
Gordon Waters
Dale Josephine Towell
Diana Mary Izzard
Richard William Elliot
Garry Edward Cook
Andrew Trevor Callan
Matt O'Brien

b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

c) Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2021	2020
	\$	\$
<i>Transactions with related parties</i>		
- Gordon Waters supplied IT services to the Crookwell branch	360	-

Note 32 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the Statement of Changes in Equity and Statement of Cash Flows.

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	7.50	99,032	7.50	99,032

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

Notes to the Financial Statements (continued)

Note 32 Dividends provided for or paid (continued)

b) Franking account balance	2021 \$	2020 \$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	537,763	492,587
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	47,604	82,740
- Franking debits from the payment of franked distributions	(34,795)	(37,564)
Franking account balance at the end of the financial year	<u>550,572</u>	<u>537,763</u>
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	17,882	(7,882)
Franking credits available for future reporting periods	<u>568,454</u>	<u>529,881</u>

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 33 Earnings per share

a) Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2021 \$	2020 \$
Profit attributable to ordinary shareholders	<u>263,894</u>	<u>231,560</u>
	Number	Number
Weighted-average number of ordinary shares	<u>1,320,419</u>	<u>1,320,419</u>
	Cents	Cents
Basic and diluted earnings per share	<u>19.99</u>	<u>17.54</u>

Note 34 Commitments

The company has no other commitments contracted for which would be provided for in future reporting periods.

Note 35 Contingencies

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

Note 36 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Directors' Declaration

In accordance with a resolution of the directors of Palerang Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.



Shane Holness, Chairman

Dated this 23rd day of September 2021

Independent Auditor's Report



61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Palerang Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Palerang Financial Services Limited's (the company), which comprises:

- Statement of financial position as at 30 June 2021
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

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

- i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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



afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337



61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Other Information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337

Independent Auditor's Report (continued)



61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 September 2021

Joshua Griffin
Lead Auditor



afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337



Community Bank Braidwood
93-95 Wallace Street, Braidwood NSW 2622
Phone: (02) 4842 1700 Fax: (02) 4842 1711
Email: braidwood@bendigoadelaide.com.au
Web: www.bendigobank.com.au/braidwood

Community Bank Bungendore
1/33 Ellendon Street, Bungendore NSW 2621
Phone: (02) 6238 0547 Fax: (02) 6238 0587
Email: Bungendore@bendigoadelaide.com.au
Web: www.bendigobank.com.au/bungendore

Community Bank Agency Crookwell
139 Goulburn Street
Crookwell NSW 2583
www.bendigobank.com.au/agency/nsw/mcgeechan-farm-supplies
Phone: (02) 4832 2151 Fax: (02) 4832 2151

Franchisee: Palerang Financial Services Limited
ABN: 83 097 801 100
Unit 1/19 Park Lane, Braidwood NSW 2622
Phone: (02) 4842 1118 Fax: (02) 4842 1711

Share Registry:
RSD Share Registry
PO Box 30 Bendigo VIC 3552
Email: shares@rsdregistry.com.au

This Annual Report has been printed on 100% Recycled Paper