

# Annual Report 2022

Mundaring Community  
Financial Services Limited

Community Bank  
Mundaring

ABN 63 097 289 677

# I MY COMMUNITY



 **Bendigo Bank**

Community Bank  
Mundaring

Community Bank Mundaring staff

Denise Mateljan, Vanessa Saunders, Mervy Badawy, Lyndall Wills, Penny Frost, Andrea Southam, Lauren Izzo, Taryn Kendall

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# Chairman's report

For the year ending 30 June 2022

On behalf of the Board of Mundaring Community Financial Services Ltd I am pleased to present the 2022 Annual Report.

Firstly, I would like to thank our staff and customers for continuing to work with us over the last twelve months. The support received from everyone, including our Shareholders has enabled us to perform well once again this financial year. With very positive indications for the future ahead, it must be noted that something which helped the branch continue to operate during these times is the fiscal policies adopted by previous board members. I am confident that although we would still be present in Mundaring, without those in place the branch would be a very different landscape.

Speaking of previous board members, we said farewell to a few directors in the last financial year; some of whom had been with us for a considerable amount of time. James Saunders and Peter Hackett both retired after 12 years on the Board, and Susie Fox-Mooney also left us after 7 ½ years. They made a significant contribution to the company and the wider community,

and we thank them for their involvement. We also said goodbye to Hannah Dyer and Toni Burbidge whose support for the company and in the community was highly valued. We have welcomed 3 new Directors over the last few months; Dani Tamati, Kerry Hort Rowe and Aleksandra Kuzet.

In line with our continuous disclosure requirements, we would like to advise that there has been a material change in the actual income figures for last few months of this financial year. This has been driven by the significant increase in interest rates and associated margins which in turn, have increased our forecasted 2023 result. The interest rates are still fluctuating and impacting on anticipated income.

Since the last annual report, the board and branch have continued to work for the community which can be seen in the results for this year. We have also seen some dynamic and positive changes in the branch including the employment of our Branch Manager, Mervy Badawy in December 2021.



Wooroloo Bushfire Recovery January Barbecue and Movie Night

Nicolette Ward – Chittering Financial Services Limited, Duncan Pratt, Andrea Southam, James Saunders, Rochelle Werrett

## Chairman's report (continued)

The feedback regarding the team in the branch continues to be positive both from our customers and internally within the wider Bendigo Bank community. This is a testament to the team's level of engagement and attitude which must be commended as they have been with us through some very interesting times over the last couple of years.

A quick summary of the branch results this financial year include:

- Deposit accounts have grown by 254, a similar rate to the 2021 financial year.
- Customer numbers have grown by 64 from last year.
- The overall book value for deposits and loans has increased by \$21.9M.

The above results continue to be very pleasing after a second year of global challenges for us all and historically low interest rates. As interest rates continue to increase and the branch continues to actively source new business, we should continue to see growth.

The company continued to look at ways to improve cost efficiency and have moved Andrea, our Executive Officer, out of the Treehouse and into the branch. The close of the Treehouse has freed up finances which has allowed us to update the branch branding and improve the overall look. Those who I have spoken to feel that the appearance of the branch has improved significantly and will continue to do so for a short while.

Andrea continues to run things for the Board and local community, and I would like to take this opportunity to thank her for her ongoing work and dedication to the Company and branch. With Andrea in the Branch, her presence will solidify the unity between the business and community.

Our profit after tax and community contributions this year is heartening at \$48,917, and the branch performance is expected to improve even further over the coming year.

Based on the performance of the company we maintained last year's dividend for our shareholders. Since the company's inception and because of our valued customers, we have been able to return over \$2.4 million dollars back to the community that drives and supports us.

Finally, on behalf of the Board, I once again would like to thank all of our Shareholders for their continuing support of the Company and hence, the community. We look forward to seeing you at the AGM.



**Duncan Pratt**

Chairman

A handwritten signature in blue ink that reads "Duncan Pratt". The signature is fluid and cursive, written on a white background.

# Bendigo & Adelaide Bank report

For the year ending 30 June 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia's most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

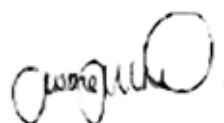
Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

**Justine Minne**

Bendigo and Adelaide Bank







MCFS Board of Directors at 2021 AGM

Rochelle Werrett, Toni Burbidge, Hannah Dyer, Duncan Pratt, James Saunders, Susie Fox-Mooney, Peter Hackett, Nicola Smith



Community Bank Mundaring staff

Lauren, Andrea, Lyndall, Mervy, Penny, Denise, Vanessa, Taryn



# ng Community Bank®



**Bendigo Bank**

Community Bank  
Mundaring

Gidgegannup Small Farm Field Day 2022  
Mervy Badawy with her son, Zachariah



# Branch Manager's report

For the year ending 30 June 2022

As I reflect on the financial year just gone, I am proud to see an enormous amount of growth and positive change in the branch and the business itself. Our branch is buzzing with positivity and an all-inclusive collaborative vibe.

We are a full team now and the unity could not be any better. Having Andrea with us in the branch has merged the community work we do with our daily banking services. This has streamlined our business which has allowed us to provide seamless solutions to the community.

We have been progressively updating the branch's look with fresh new branding and painting on the exterior of the branch as well as updating the interior. There are more exciting changes to come over the next few months, which should create a fresh new look and feel.

Since my last note the business has continued to grow and is now sitting at \$287 million as of June 30th 2022, our customer base has also grown by 4.67% and continues to show consistent growth each month. We have been busy communicating our point of differentiation and assisting customers with their financial needs within our community. The more customers choose to bank with us the more we can return to the community.

The Bendigo Bank's Regional First Home Buyer Guarantee (RFHBG) will open 10,000 places with an additional 10,000 being made available each financial year up until 30 June 2025. This will allow us to help more first home buyers enter the property market and secure their first home.

With Interest rates continuing to rise, it's a good idea for everyone to review their banking and finances, as we will begin to see property prices decline and deposit rates improve providing a better return for retirees. However, some people may find themselves needing to budget and reduce discretionary spending as their mortgage repayments increase.

I'm looking forward to continuing to see great collaboration between the bank, our customers and local community. I would like to thank my team Lauren, Taryn, Vanessa, Denise, Penny, Lyndall, Catherine, and Andrea. Without their dedication the branch wouldn't have achieved the success it has today. I would also like to thank the Board of Directors and Shareholders for all their work and support.



Kind regards,

**Mervy Badawy**

Branch Manager

A handwritten signature in black ink, appearing to read 'Mervy Badawy', written over a light blue horizontal line.

# Community Bank National Council report

For the year ending 30 June 2022

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works.

Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 22-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact

All directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

Warm regards,

**Sarah Franklyn**

CBNC Chair







Celebrating 20 years  
Community Bank Mundaring, established 2002



Community Bank Mundaring staff  
Vanessa, Lyndall, Denise, Andrea, Mervy, Taryn, Penny, Lauren



# Community report

For the year ending 30 June 2022

It is my pleasure to present the Community report for 2021/22. This year, we strived to continue our support of the community despite the economic climate and our reduced budget. In-Kind support has again offset the reduced cash we could offer and has included:

- The design and provision of business cards,
- Printing of flyers and programmes,
- Supply of merchandise for prizes,
- The design and provision of signage,
- Our CommunityPOS facility, and
- Market stalls at the Mundaring Rotary Markets

To support education in our community, we continued our sponsorship of the Hills Interschool Science Challenge, the Year 6 Endeavour Awards for our 13 local Primary Schools and the Dux Award for Swan View Senior High School.

We continued our collaboration with the Mundaring Chamber of Commerce during the year who have been finding innovative ways to make themselves more sustainable, including a Movie Night fundraiser held at the Kookaburra Outdoor Cinema which we provided sponsorship for.

We maintained our community investment and the following is some of the sponsorships we provided throughout the year:

- Kit Bags for Parkerville Junior Cricket Club,
- Start-up funding for Gidgegannup Men's Shed,
- Uniform sponsorship for:
  - › Glen Forrest Tennis Club,
  - › Swan View Cricket Club,
  - › Mundaring Sporting Club,
  - › Hills Rangers Football Club, and
  - › Hills Football Association umpires



Saying goodbye to The Treehouse Business Centre  
Andrea Southam



## Community report (continued)

- Activities to promote bushfire response and prevention for Sawyers Valley Volunteer Bush Fire Brigade,
- A new bandsaw for the Mundaring Woodturners Association.
- Sponsorship of community events including:
  - › A Day in the Forrest,
  - › Australia Day Music Gig,
  - › Gidgegannup Small Farm Field Day
  - › Gidgestock Music Festival
  - › Chidlow and Gidgegannup Christmas Carol events, and
  - › the Rotary Club of Mundaring Twilight Markets.

The monthly dinners for the Wooroloo and Gidgegannup bushfire affected people have continued over the last year and using the words of a Community Recovery Team Member, “have had a huge positive impact in the community.”

We have been lucky to have the continued support of Parky Care, Gidge Rec Club committee and recovery team members from City of Swan, Shire of Mundaring, Department of Communities and Red Cross for the dinners.

The amount of people attending these dinners has reduced over time, however we believe they have been extremely important to those still waiting to be settled after the fire. This has been confirmed to us by the results of a survey which demonstrated that attendees are willing to assist in the running of the dinners for them to continue. It has been a privilege to meet so many community members and be a part of the recovery.

At present, we are nearing the end of our latest Bendigo Community Raffle which will be drawn at our AGM on 8th November. This year we distributed nearly 40,000 tickets, and at this stage, we are unaware of how many of those tickets have, or will be sold. We are hoping that the 70 community groups participating will surpass the previous effort of selling nearly 25,000 tickets which raised over \$123,000 for our local community.

I am very proud to be part of a Company that gives so much back to our community and am looking forward to the coming year.



Andrea Southam

Executive Officer

A handwritten signature in black ink that reads "A Southam". The signature is stylized and cursive.





The Whim Festival 2021  
Nicola Smith, Andrea Southam



# Groups supported

## Sponsorships

Community Group	Contribution towards
Parkerville Jnr Cricket Club	Kit Bags
Gidgegannup Men's Shed	Start-up funding
Gidgestock Music Festival	2021 Community Event
Mundaring Chamber of Commerce	AGM
Mundaring Sporting Club	Uniform sponsorship
Hills Education Network	Interschool Science Quest
Hills Rangers Football Club	Junior Club Person award
Darlington Music Gig	2022 Music Gig
Pedal and a Pint	Website
Glen Forrest Residents & Ratepayers Assoc	A Day in the Forrest 2021



**SmartWomen event**  
Mervy Badawy, Andrea Southam, Nicola Smith



**Wooroloo Bushfire Recovery February Dinner**  
Lyndall Wills, Penny Frost, Rochelle Werrett





Science Challenge Winners from Helena Valley Primary School  
Lucy, Sophia, Aaleyah with Andrea Southam



Leading Women June breakfast event  
Rochelle Werrett, Kerry Hort Rowe, Founder and Director of Leading Women - Paige McNeill



## Groups supported (continued)

### Sponsorships (continued)

Community Group	Contribution towards
Chidlow Progress Association	Chidlow Carols
Glen Forrest Primary School P&C	Quiz Night
Sawyers Valley Volunteer Bushfire Brigade	Raising Fire Readiness
Gidgegannup Community Church	Christmas Carols event
Helena Valley Primary School	Book Award
Mundaring Chamber of Commerce	Movie Night fundraiser
Rotary Club of Mundaring	Twilight Markets
Hills Football Association	Umpires uniforms
Glen Forrest Tennis Club	Uniform sponsorship
Gidgegannup Small Farm Field Day	Community Event
Mundaring Woodturners Association	New Bandsaw
Hills Rangers Football Club	Uniforms
Gidgestock Music Festival	2022 Community Event
WA Junior Motocross	Sportsmanship Award
Swan View Cricket Club	Uniforms
Glen Forrest Residents & Ratepayers Assoc	A Day in the Forrest 2022
SOM Wooroloo Bushfire Recovery	12 Months On – Event
Gidgegannup Community Church	12 Month On – afternoon tea
SOM Wooroloo Hall	Shadecloth blinds for verandah

## Groups supported (continued)

### In-kind Support

Community Group	Provision of:
Rotary Club of Mundaring	Business Cards for President
Climate Change Group	Meeting Room
Mundaring Community Men's Shed	Business Cards
Mundaring Sporting Club	Fixture book advertisement
Mundaring Chamber of Commerce	Meeting Room
Mundaring Bicentennial Scholarship	Printing
World Vision	Signage
Rotary Club of Mundaring	Business Cards for Markets
Save the Children	Market Stall
Mundaring Chamber of Commerce	Printing
Wooroloo Bushfire Recovery	Xmas Gifts and Book Prizes
Hills Billy Cart Festival Inc	Printing
Darlington Concerts	CommunityPOS facility
SOM Volunteer Event	Vouchers
Starlight Foundation	Cookbook advertisement
WA Streetsmart	Handbook advertisement
Darlington Sport & Recreation Association	CommunityPOS facility
Mundaring Football Club	CommunityPOS facility
Darlington Community Garden	Printing
Mt Helena Tennis Club	Printing
Darlington Community Garden	CommunityPOS facility
Mundaring Tennis Club	Printing
Mundaring Travelling Museum	Printing
Gidgegannup Small Farm Field Day	Design and print Discovery Trail booklets
Eastern Hills Masters Football Club	Merchandise for Golf Day



# Groups supported (continued)

## In-kind Support (continued)

Community Group	Provision of:
Gidgegannup Senior Football Club	Sports Bags
Mt Helena Community Kindergarten	Market Stall
Save the Children	CommunityPOS facility
Mundaring Hills Open Studio	Brochure advertisement



Darlington Community Garden delivery of Railway Wagon  
Andrea Southam, Cr Trish Cook, Secretary Darlington Community Garden





**Eastern Hills Masters Football Club Golf Day**  
Guy Netscher, Sean Gregory, both from EHMFC with Duncan Pratt and Vanessa Saunders



**Swan View Community Pantry**

Mervy Badawy, Andrea Southam, Michelle Roberts MLA - Member for Midland, Cr Karen Beale - Community Pantry organiser on behalf of Rotary Club of Mundaring, Helen Hawley - Swan View SHS Deputy Principal, , Cr James Martin - Mundaring Shire President



# Groups supported (continued)

## 2022 Community Raffle

### Participants

Bees 2 Honey Festival	Helena Valley Netball Club
Chidlow Cats Basketball	Hills Billy Cart Festival
Chidlow Progress Association	Hills Rangers Football Club
Chidlow Senior Football Club	La Salle High School
Chidlow Volunteer Bushfire Brigade	Little Possums
Chidlow Cougars Junior Football Club	Mount Helena Junior Football Club
Darlington Arts Festival	Mount Helena Parkerville CWA
Darlington Community Garden	Mount Helena Playgroup & Community Kindy
Darlington Cricket Club	Mount Helena Primary School P&C
Darlington History Group	Mount Helena Senior Football Club
Darlington Junior Football Club	Mount Helena Sports and Recreation Club
Darlington Netball Club	Mount Helena Tennis Club
Darlington Scout Group	Mundaring Chamber of Commerce
Darlington Tennis Club	Mundaring Girl Guides
Eastern Hills Little Athletics	Mundaring in Transition
Eastern Hills Masters Football Club	Mundaring Netball Club
Gidgegannup Horse & Pony Club	Mundaring Primary P&C
Gidgegannup Primary School P&C	Mundaring Senior Cricket Club
Gidgegannup Senior Football Club	Mundaring Senior Football Club
Gidgestock Music Festival	Mundaring Seniors Inc
Glen Forrest Community Kindergarten	Mundaring Sporting Club
Glen Forrest Primary School P&C	Mundaring Tennis Club
Glen Forrest Sporting Club	Mundaring Woodturners Association
Glen Forrest Tennis Club	Parkerville Junior Cricket Club



**Mundaring Chamber of Commerce AGM**

Andrea Southam, Kerry Hort Rowe, Cr Paige McNeill - Mundaring Shire Deputy President



**Santos Judo National Breast Cancer fundraiser**

Dawn Santos, Andrea Southam, Rochelle Werrett, Duncan Pratt



## Groups supported (continued)

### 2022 Community Raffle (continued)

#### Participants

Parkerville Junior Football Club	Swan Districts Gymnastics Inc
Perth Hills United Football Club	Swan View Football Club
Ripplebrook Equestrian Vaulting	Swan View Primary School P&C
Rotary Club of Mundaring	Swan View Senior Cricket Club
Sacred Heart Mundaring Primary School P&F	West Australian Junior Motocross Club
Santos Judo	West Coast Cowboys
Save Perth Hills	Western Australian Team Penning Association
Sawyers Valley Volunteer Bushfire Brigade	Wooroloo Primary School P&C
Swan Community Choir	Wundowie Golf Club



#### Wooroloo Bushfire Recovery June Dinner

Cr Paige McNeill - Mundaring Shire Deputy President, Melissa Pexton - DFES Deputy Commissioner, Kerry Hort Rowe, Jessica Shaw MLA - Member for Swan Hills, Lyndall Wills, Rochelle Werrett, Penny Frost

# Directors' report

For the financial year ended 30 June 2022

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

## Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:



**Duncan Francis Frederick Pratt**

Non-executive director

**Experience and expertise:** Chartered Structural Engineer (CPEng) and registered on the National Engineers Register (NER). Registered engineering practitioner in Tasmania and Victoria. Current director of Fulcrum Structural Engineering Pty Ltd.

**Special responsibilities:** Chair, Audit & Governance Committee.

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**Benjamin Peter Fillery**

Non-executive director

**Experience and expertise:** Ben works in Technical Sales Metso: Outotec. Ben has over 15 years experience in the sales and marketing of mining components.

**Special responsibilities:** Marketing & Sponsorship Committee.

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**Rochelle Amanda Werrett**

Non-executive director

**Experience and expertise:** Online Consultant. Online Systems. Process Automation Developer. Human Resources & Payroll & Bookkeeping. Treasurer of Darlington Scouts. Online Business Owner.

**Special responsibilities:** Company Secretary, Audit & Governance Committee.



# Directors' report (continued)

## Directors (continued)



**Nicola Jane Smith**

Non-executive director

**Experience and expertise:** Nicola is a Youth Worker for the Department of Family and Children Services. Nicola Smith worked in the finance industry for 13 years. After which she had an opportunity to follow her passion to work with youth consequently Nicola has worked in women's refuges in the Midland area, Halls Creek and Broome with the community, and in residential care with some of the most at-risk youth in the state. Nicola is currently studying a Bachelor of Social Science, majoring in Community Work and Human Services at ECU. Nicola lives on a property in Gidgegannup with her husband and family. Former director of Smith's Automotive Parts.

**Special responsibilities:** Audit & Governance Committee, Marketing & Sponsorship Committee.

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**Kerry Dawn Hort Rowe**

Non-executive director (appointed 5 May 2022)

**Experience and expertise:** Business Consultant & Life Mentor, Depression & Anxiety Director, Hospitality & Tourism Covid-19 Hygiene, Sales Representative, Account Manager, Business Development Manager, Board Member - Maida Vale SDA Church, Customer Service Specialist.

**Special responsibilities:** Nil.

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**Danielle Vanessa Tamati**

Non-executive director (appointed 29 April 2022)

**Experience and expertise:** As a high-profile Recruitment, Human Resources, Career Development and OHS professional, Dani thrives on introducing candidates to a company that sees the value in their experience and drive, as well as working collectively with companies to ensure employment opportunities. Dani has been Vice Chairperson for the CoRE Learning Foundation since 2019 and in 2021 joined the WA Mining Club as a Committee Member with both Memberships and Scholarships portfolios. Recently in early 2022 Dani became Director of Mundaring Community Bank and Board Member of Murlpirmarra Connection. Since relocating from the Pilbara after 14 years in late December 2010, Dani now resides in the beautiful Perth hills with her husband Riki (a FIFO worker) and her four children Jake (23), Taine (21), Sienna (17) and Kale (16).

**Special responsibilities:** Nil.

# Directors' report (continued)

## Directors (continued)



### **Toni-Louise Burbidge**

Non-executive director (appointed 30 September 2021, resigned 30 June 2022)

**Experience and expertise:** Toni is a Lead Environmental Consultant. BA Business in Horticulture (Honours), Certificate IV Business. Toni is an active member of the community being a former Shire Councillor and living locally since 1998. Her interest lies in good governance, community grants and providing excellent banking services to our community.

**Special responsibilities:** Marketing & Sponsorship Committee.

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### **Hannah Mary Dyer**

Non-executive director (appointed 30 September 2021, resigned 10 January 2022)

**Experience and expertise:** Although trained in Nutrition, Veterinary Nursing and Hospitality, Hannah spends the vast majority of her time volunteering in various spaces within the community, most notable as Conveyor of the bi-annual Mount Helena Whim Festival. She is currently the Vice President of the Mount Helena Residents and Ratepayers Association and involved with food distribution as the President of the Easter Hills Community Pantry. She has been with several organisations and in varying capacities, since 2000. Hannah is the mother of two teen girls and when she is not volunteering, she can probably be found supporting them in some basketball stadium somewhere. Hannah believes in the individual and community and has appreciated being involved in supporting both under the Bendigo business model and she that the extended MCFS and Bendigo community for all their efforts in that regards.

**Special responsibilities:** Marketing & Sponsorship Committee.

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### **Peter Francis Hackett**

Non-executive director (resigned 5 July 2022)

**Experience and expertise:** Peter Hackett is a retired electronics technician, having worked for Marconi Space and Defence Systems in the UK before emigrating to Kalgoorlie in 1981, where he worked at Western Mining Corporation. He has lived on the El Caballo Estate in Wooroloo with his wife since 1988. His interests are varied and include the Variety Club Charity Bash (26 years), Chidlow Progress Association Treasurer and a member of the Volunteer Bush Fire Brigades in Wooroloo and Inkpen. A board member of Chidlow Primary School. He also plays bass guitar in a number of local bands.

**Special responsibilities:** Chair Marketing & Sponsorship Committee.



# Directors' report (continued)

## Directors (continued)



### **James Edward Saunders**

Non-executive director (resigned 1 March 2022)

**Experience and expertise:** James is a Chartered Accountant. James Saunders has extensive experience in corporate accounting and tax services. He has worked for PWC and RSM, where he had experience with tax, audit services and business consulting. He has been a past director of exploration, drilling and geoscience companies and is a Director and Company Secretary of the Australian Prospectors and Miners Hall of Fame Foundation and Hall of Fame Ltd. James lives with his family in Darlington where his son was involved with cubs and is a member of the Darlington/Bellevue Anglican Parish Council.

**Special responsibilities:** Treasurer, Chair Audit & Governance Committee.

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### **Susan Elisabeth Fox-Mooney**

Non-executive director (resigned 15 February 2022)

**Experience and expertise:** Susie is a Tax Advisor. Ms Susie Fox-Mooney has lived in Perth Hills since she emigrated from the UK in 2005. She is a Member of the Glen Forrest and Mahogany Creek Residents & Ratepayers Association and was involved in the successful campaign to redevelop Morgan John Morgan Reserve. Susie is a mother to two children. Professionally, Susie started her career working for Sir Lawrence Airey, Chairman of the UK Inland Revenue Department. She has also worked for Price Waterhouse Coopers and was the Financial Controller for the London Branch of Petroleos De Venezuela (UK)SA, a national Venezuelan oil company. Susie was employed by HR Block, where she prepared small business and personal tax returns.

**Special responsibilities:** Vice Chair, Audit & Governance Committee.

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

# Directors' report (continued)

## Company Secretary

There have been two company secretaries holding the position during the financial year:

- Rochelle Amanda Werrett was appointed company secretary on 1 March 2022.
- James Edward Saunders was appointed company secretary on 6 November 2014 and ceased on 1 March 2022.

## 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 this activity during the financial year.

## Review of operations

The profit for the company after providing for income tax amounted to:

Year ended 30 June 2022	Year ended 30 June 2021
\$	\$
48,917	47,152

Operations have continued to perform in line with expectations.

## 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	2022 \$
Final fully franked dividend	5	28,285

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

## Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

## Likely developments

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



## Directors' report (continued)

### Environmental regulation

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

### Meetings of directors

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

E - eligible to attend A - number attended	Board Meetings		Committee Meetings			
			Audit & Governance		Marketing & Sponsorship	
	E	A	E	A	E	A
Duncan Francis Frederick Pratt	14	13	1	1	–	–
Benjamin Peter Fillery	14	13	–	–	1	1
Rochelle Amanda Werrett	14	14	–	–	–	–
Nicola Jane Smith	14	13	1	1	1	1
Kerry Dawn Hort Rowe	2	2	–	–	–	–
Danielle Vanessa Tamati	3	2	–	–	–	–
Toni-Louise Burbidge	10	9	–	–	1	1
Hannah Mary Dyer	4	4	–	–	1	1
Peter Francis Hackett	14	11	–	–	1	1
James Edward Saunders	10	7	1	1	–	–
Susan Elisabeth Fox-Mooney	9	6	–	–	–	–

### 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 25 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.

# Directors' report (continued)

## Directors' interests

The interest in company shareholdings for each director are:

	Fully paid ordinary shares		
	Balance at the start of the year	Changes	Balance at the end of the year
Duncan Francis Frederick Pratt	–	500	500
Benjamin Peter Fillery	100	–	100
Rochelle Amanda Werrett	100	–	100
Nicola Jane Smith	–	100	100
Kerry Dawn Hort Rowe	–	–	–
Danielle Vanessa Tamati	–	–	–
Toni-Louise Burbidge	–	–	–
Hannah Mary Dyer	–	100	100
Peter Francis Hackett	500	–	500
James Edward Saunders	3,000	–	3,000
Susan Elisabeth Fox-Mooney	100	–	100

## Indemnity and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager 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.

## 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*.



# Directors' report (continued)

## Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

## 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 27 to the accounts.

The Board 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
- 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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Duncan Francis Frederick Pratt

Chair



29 August 2022

# Auditor's Independence Declaration

For the year ended 30 June 2022



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 Mundaring Community Financial Services Limited

As lead auditor for the audit of Mundaring Community Financial Services Limited for the year ended 30 June 2022, 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: 29 August 2022

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: 51 051 795 337



# Financial Statements

For the year ended 30 June 2022

## Statement of Profit or Loss and Other Comprehensive Income

	Note	2022 \$	2021 \$
Revenue from contracts with customers	6	1,125,400	1,125,404
Other revenue	7	6,806	62,612
Finance income	8	3,813	7,478
Employee benefit expenses	9	(686,202)	(667,381)
Advertising and marketing costs		(2,652)	(6,939)
Occupancy and associated costs		(61,553)	(49,428)
System costs		(21,994)	(25,611)
Depreciation and amortisation expense	9	(84,685)	(88,367)
Finance costs	9	(27,376)	(28,543)
General administration expenses		(118,088)	(124,292)
<b>Profit before community contributions and income tax expense</b>		<b>133,469</b>	<b>204,933</b>
Charitable donations and sponsorships expense		(66,273)	(149,463)
<b>Profit before income tax expense</b>		<b>67,196</b>	<b>55,470</b>
Income tax expense	10	(18,279)	(8,318)
<b>Profit after income tax expense for the year</b>	21	<b>48,917</b>	<b>47,152</b>
Other comprehensive income for the year, net of tax		–	–
<b>Total comprehensive income for the year</b>		<b>48,917</b>	<b>47,152</b>

		Cents	Cents
Basic earnings per share	29	8.65	8.34
Diluted earnings per share	29	8.65	8.34

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

# Financial Statements (continued)

For the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	1,131,223	1,154,715
Trade and other receivables	12	143,693	84,520
<b>Total current assets</b>		<b>1,274,916</b>	<b>1,239,235</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	44,636	28,531
Right-of-use assets	14	641,274	689,842
Intangibles	15	59,669	6,514
Deferred tax assets	10	46,639	64,918
<b>Total non-current assets</b>		<b>792,218</b>	<b>789,805</b>
<b>Total assets</b>		<b>2,067,134</b>	<b>2,029,040</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	100,934	80,685
Lease liabilities	17	26,069	37,388
Employee benefits	18	61,390	71,873
<b>Total current liabilities</b>		<b>188,393</b>	<b>189,946</b>
<b>Non-current liabilities</b>			
Trade and other payables	16	44,544	–
Lease liabilities	17	701,440	727,510
Employee benefits	18	1,045	1,370
Provisions	19	24,950	24,084
<b>Total non-current liabilities</b>		<b>771,979</b>	<b>752,964</b>
<b>Total liabilities</b>		<b>960,372</b>	<b>942,910</b>
<b>Net assets</b>		<b>1,106,762</b>	<b>1,086,130</b>
<b>EQUITY</b>			
Issued capital	20	559,585	559,585
Retained earnings	21	547,177	526,545
<b>Total equity</b>		<b>1,106,762</b>	<b>1,086,130</b>

The above statement of financial position should be read in conjunction with the accompanying notes



# Financial Statements (continued)

For the year ended 30 June 2022

## Statement of Changes in Equity

	Note	Issued capital \$	Retained earnings \$	Total Equity \$
<b>Balance at 1 July 2020</b>		559,585	507,678	1,067,263
Profit after income tax expense		–	47,152	47,152
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for	23	–	(28,285)	(28,285)
<b>Balance at 30 June 2021</b>		<b>559,585</b>	<b>526,545</b>	<b>1,086,130</b>
<b>Balance at 1 July 2021</b>		559,585	526,545	1,086,130
Profit after income tax expense		–	48,917	48,917
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for	23	–	(28,285)	(28,285)
<b>Balance at 30 June 2022</b>		<b>559,585</b>	<b>547,177</b>	<b>1,106,762</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes

# Financial Statements (continued)

For the year ended 30 June 2022

## Statement of Cash Flows

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,179,845	1,322,669
Payments to suppliers and employees (inclusive of GST)		(1,066,619)	(1,173,656)
		113,226	149,013
Interest received		5,255	13,448
<b>Net cash provided by operating activities</b>	28	<b>118,481</b>	<b>162,461</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(34,204)	(13,726)
Payments for intangibles		(11,298)	(11,925)
Proceeds from disposal of property, plant and equipment		1,595	–
<b>Net cash used in investing activities</b>		<b>(43,907)</b>	<b>(25,651)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	23	(28,285)	(28,285)
Repayment of lease liabilities	17	(69,781)	(81,269)
<b>Net cash used in financing activities</b>		<b>(98,066)</b>	<b>(109,554)</b>
Net increase/(decrease) in cash and cash equivalents		(23,492)	27,256
Cash and cash equivalents at the beginning of the financial year		1,154,715	1,127,459
<b>Cash and cash equivalents at the end of the financial year</b>	11	<b>1,131,223</b>	<b>1,154,715</b>

The above statement of cash flows should be read in conjunction with the accompanying notes



# Notes to the Financial Statements

For the year ended 30 June 2022

## Note 1. Reporting entity

The financial statements cover Mundaring Community Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 6945 Great Eastern Highway, Mundaring WA 6073.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2022. The directors have the power to amend and reissue the financial statements.

## 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.

## Note 3. Significant accounting policies

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

### 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 2021, 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.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 3. Significant accounting policies (continued)

### 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 2022.

#### 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 any impairment loss.

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.

### Goods and Services Tax (GST)

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.

## Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed overleaf.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 4. Critical accounting judgements, estimates and assumptions (continued)

### Coronavirus (COVID-19) pandemic

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

### Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

### Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### Recovery of deferred tax assets

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

### Lease term

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

### Incremental borrowing rate

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



# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 4. Critical accounting judgements, estimates and assumptions (continued)

### Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

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.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

### Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

## Note 5. Economic dependency

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

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 5. Economic dependency (continued)

- 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.

## Note 6. Revenue from contracts with customers

	2022 \$	2021 \$
Margin income	919,863	916,070
Fee income	88,227	94,949
Commission income	117,310	114,385
<b>Revenue from contracts with customers</b>	<b>1,125,400</b>	<b>1,125,404</b>

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.

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:

Revenue stream	Includes	Performance obligation	Timing of recognition
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 GST. There was no revenue from contracts with customers recognised over time during the financial year.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 6. Revenue from contracts with customers (continued)

### Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are 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 by 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.

### 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.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 7. Other revenue

	2022 \$	2021 \$
Net gain on disposal of property, plant and equipment	1,595	–
Cash flow boost	–	37,500
Other income	5,211	25,112
<b>Other revenue</b>	<b>6,806</b>	<b>62,612</b>

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.

Revenue stream	Revenue recognition policy
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.
Gain on sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

## 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.

## Note 8. Finance revenue

	2022 \$	2021 \$
<b>Term deposits</b>	<b>3,813</b>	<b>7,478</b>

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

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 9. Expenses

Depreciation and amortisation expense	2022 \$	2021 \$
<b>Depreciation of non-current assets</b>		
Leasehold improvements	15,849	14,778
Plant and equipment	2,250	3,863
	<b>18,099</b>	<b>18,641</b>
<b>Depreciation of right-of-use assets</b>		
Leased land and buildings	<b>54,450</b>	<b>58,530</b>
<b>Amortisation of intangible assets</b>		
Franchise fee	2,190	2,244
Franchise renewal process fee	9,946	8,952
	<b>12,136</b>	<b>11,196</b>
<b>Total depreciation and amortisation expense</b>	<b>84,685</b>	<b>88,367</b>

## Finance costs

Lease interest expense	26,510	27,707
Unwinding of make-good provision	866	836
<b>Total finance cost</b>	<b>27,376</b>	<b>28,543</b>

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

## Employee benefit expense

Wages and salaries	545,311	582,506
Superannuation contributions	53,653	53,873
Expenses related to long service leave	(5,441)	(20,277)
Other expenses	92,679	51,279
	<b>686,202</b>	<b>667,381</b>

## Leases recognition exemption

Expenses relating to low-value leases	8,577	8,758
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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.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 10. Income tax

	2022 \$	2021 \$
<b>Income tax expense</b>		
Movement in deferred tax	4,352	4,348
Reduction in company tax rate	–	2,597
Recoupment of prior year tax losses	13,927	1,373
<b>Aggregate income tax expense</b>	<b>18,279</b>	<b>8,318</b>

### Prima facie income tax reconciliation

Profit before income tax expense	67,196	55,470
Tax at the statutory tax rate of 25% (2021: 26%)	16,799	14,422
Tax effect of:		
- Non-deductible expenses	1,480	1,050
- Reduction in company tax rate	–	2,597
- Other assessable income	–	(9,751)
<b>Income tax expense</b>	<b>18,279</b>	<b>8,318</b>

### Deferred tax assets/(liabilities)

Tax losses	–	27,847
Property, plant and equipment	(11,159)	(7,133)
Employee benefits	15,643	18,311
Lease liabilities	181,877	191,225
Provision for lease make good	6,238	6,021
Accrued expenses	800	1,403
Carried forward tax losses	13,920	–
Income accruals	(361)	(295)
Right-of-use assets	(160,319)	(172,461)
<b>Deferred tax asset</b>	<b>46,639</b>	<b>64,918</b>

### Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 10. Income tax (continued)

### Accounting policy for current 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.

### Accounting policy for 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.

## Note 11. Cash and cash equivalents

	2022 \$	2021 \$
Cash on hand	128	300
Cash at bank and on hand	331,095	154,415
Term deposits	800,000	1,000,000
	<b>1,131,223</b>	<b>1,154,715</b>

### Accounting policy for 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.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

<b>Note 12. Trade and other receivables</b>	<b>2022 \$</b>	<b>2021 \$</b>
Trade receivables	129,751	71,817
Accrued income	1,442	1,179
Prepayments	12,500	11,524
	<b>13,942</b>	<b>12,703</b>
	<b>143,693</b>	<b>84,520</b>

## Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Note 13. Property, plant and equipment

	<b>2022 \$</b>	<b>2021 \$</b>
Leasehold improvements - at cost	231,068	219,502
Less: Accumulated depreciation	(199,435)	(193,017)
	<b>31,633</b>	<b>26,485</b>
Plant and equipment - at cost	230,139	252,266
Less: Accumulated depreciation	(217,136)	(250,220)
	<b>13,003</b>	<b>2,046</b>
	<b>44,636</b>	<b>28,531</b>

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	<b>Leasehold improvements \$</b>	<b>Plant and equipment \$</b>	<b>Total \$</b>
Balance at 1 July 2020	28,135	5,311	33,446
Additions	13,129	597	13,726
Depreciation	(14,778)	(3,863)	(18,641)
Balance at 30 June 2021	26,486	2,045	28,531
Additions	20,996	13,208	34,204
Depreciation	(15,849)	(2,250)	(18,099)
<b>Balance at 30 June 2022</b>	<b>31,633</b>	<b>13,003</b>	<b>44,636</b>

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 13. Property, plant and equipment (continued)

### Accounting policy for 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.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value and straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows

Leasehold improvements	5 to 10 years
Furniture, fixtures and fittings	2 to 6 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

### 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.

Note 14. Right-of-use assets	2022 \$	2021 \$
Land and buildings - right-of-use	1,214,462	1,490,588
Less: Accumulated depreciation	23,202	(800,746)
<b>Balance at 30 June 2022</b>	<b>641,274</b>	<b>689,842</b>

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings \$	Total \$
Balance at 1 July 2020	725,170	725,170
Remeasurement adjustments	23,202	23,202
Depreciation expense	(58,530)	(58,530)
Balance at 30 June 2021	689,842	689,842
Remeasurement adjustments	5,882	5,882
Depreciation expense	(54,450)	(54,450)
<b>Balance at 30 June 2022</b>	<b>641,274</b>	<b>641,274</b>

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 14. Right-of-use assets (continued)

### Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. 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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 17 for more information on lease arrangements.

## Note 15. Intangibles

	2022 \$	2021 \$
Franchise fee	172,074	161,192
Less: Accumulated amortisation	(162,099)	(159,908)
	<b>9,975</b>	<b>1,284</b>
Franchise renewal fee	99,178	44,769
Less: Accumulated amortisation	(49,484)	(39,539)
	<b>49,694</b>	<b>5,230</b>
	<b>59,669</b>	<b>6,514</b>

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2020	3,528	14,182	17,710
Amortisation expense	(2,244)	(8,952)	(11,196)
Balance at 30 June 2021	1,284	5,230	6,514
Additions	10,881	54,410	65,291
Amortisation expense	(2,190)	(9,946)	(12,136)
<b>Balance at 30 June 2022</b>	<b>9,975</b>	<b>49,694</b>	<b>59,669</b>

### Accounting policy for 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.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 15. Intangibles (continued)

### Accounting policy for intangible assets (continued)

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	February 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	February 2027

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

### Change 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.

## Note 16. Trade and other payables

	2022 \$	2021 \$
<b>Current liabilities</b>		
Trade payables	5,007	2,307
Other payables and accruals	95,927	78,378
	<b>100,934</b>	<b>80,685</b>
<b>Non-current liabilities</b>		
Other payables and accruals	44,544	–

### Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

## Note 17. Lease liabilities

	2022 \$	2021 \$
<b>Current liabilities</b>		
Land and buildings lease liabilities	51,403	63,753
Unexpired interest	(25,334)	(26,365)
	<b>26,069</b>	<b>37,388</b>

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 17. Lease liabilities (continued)

	2022 \$	2021 \$
<b>Non-current liabilities</b>		
Land and buildings lease liabilities	959,529	1,010,932
Unexpired interest	(258,089)	(283,422)
	<b>701,440</b>	<b>727,510</b>
<b>Reconciliation of lease liabilities</b>		
Opening balance	764,898	795,258
Remeasurement adjustments	5,882	23,202
Lease interest expense	26,510	27,707
Lease payments - total cash outflow	(69,781)	(81,269)
	<b>727,509</b>	<b>764,898</b>
<b>Maturity analysis</b>		
Not later than 12 months	51,403	63,753
Between 12 months and 5 years	205,613	205,613
Greater than 5 years	753,916	805,319
	<b>1,010,932</b>	<b>1,074,685</b>

### Accounting policy for 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.

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 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 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 insubstance 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.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 17. Lease liabilities (continued)

### Accounting policy for lease liabilities (continued)

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 nil.

The company's lease portfolio includes:

Mundaring branch	The lease agreement commenced in January 2002. A 7 year renewal option was exercised in January 2020. The company has 3 x 5 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 February 2042. The discount rate used in calculations is 3.54%.
Corporate Office	The lease ended during the financial year and is not being renewed.

## Note 18. Employee benefits

	2022 \$	2021 \$
<b>Current liabilities</b>		
Annual leave	25,456	37,466
Long service leave	29,291	34,407
Sick leave	6,643	–
	<b>61,390</b>	<b>71,873</b>
<b>Non-current liabilities</b>		
Long service leave	1,045	1,370

### Accounting policy for 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 salaries and wages 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.

### Superannuation contributions

Contributions to superannuation plans are expensed in the period in which they are incurred.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 18. Employee benefits (continued)

### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Provision for personal leave is recognised under the Bendigo Bank Enterprise Agreement where employees who have commenced on or before 15 December 2015 are entitled to a portion of their personal leave to be paid out when their employment ends.

### 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.

## Note 19. Provisions

	2022 \$	2021 \$
Lease make good	24,950	24,084

### Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be \$50,000 for the Mundaring Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on February 2042 at which time it is expected the face-value costs to restore the premises will fall due.

### Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## Note 20. Issued capital

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	565,700	565,700	565,700	565,700
Less: Equity raising costs	–	–	(6,115)	(6,115)
	<b>565,700</b>	<b>565,700</b>	<b>559,585</b>	<b>559,585</b>



# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 20. Issued capital (continued)

### Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### 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 overleaf).

##### Transfer

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

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

### Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the “10% limit”).
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the “close connection test”).
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the “base number test”). The base number is 600. As at the date of this report, the company had 625 shareholders (2021: 624 shareholders).

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 20. Issued capital (continued)

### Prohibited shareholding interest (continued)

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 21. Retained earnings	2022 \$	2021 \$
Retained earnings at the beginning of the financial year	526,545	507,678
Profit after income tax expense for the year	48,917	47,152
Dividends paid (note 23)	(28,285)	(28,285)
<b>Retained earnings at the end of the financial year</b>	<b>547,177</b>	<b>526,545</b>

## Note 22. Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board 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:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- 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 financial year 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.

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 23. Dividends

### Dividends paid during the period

The following dividends were paid to shareholders during the reporting period as presented in the Statement of cash flows.

	2022 \$	2021 \$
Fully franked dividend of 5 cents per share (2021: 5 cents)	28,285	28,285

### Dividends provided for during the period

The following dividends were provided for during the reporting period as presented in the Statement of changes in equity.

	2022 \$	2021 \$
Fully franked dividend of 5 cents per share (2021: 5 cents)	28,285	28,285

### Franking credits

	2022 \$	2021 \$
Franking account balance at the beginning of the financial year	395,338	405,276
Franking debits from the payment of franked distributions	(9,428)	(9,938)
	<b>385,910</b>	<b>395,338</b>

### Franking transactions that will arise subsequent to the financial year end:

Balance at the end of the financial year	385,910	395,338
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The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

## Note 24. Financial instruments

	2022 \$	2021 \$
<b>Financial assets</b>		
Trade and other receivables	131,193	72,996
Cash and cash equivalents	1,131,223	1,154,715
	<b>1,262,416</b>	<b>1,227,711</b>
<b>Financial liabilities</b>		
Trade and other payables	145,478	80,685
Lease liabilities	727,509	764,898
	<b>872,987</b>	<b>845,583</b>

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 24. Financial instruments (continued)

### Accounting policy for 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 and lease liabilities.

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.

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.

### 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.

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

### Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of \$1,131,223 at 30 June 2022 (2021: \$1,154,715). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

### 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.



# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 24. Financial instruments (continued)

### Accounting policy for financial instruments (continued)

#### Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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.

#### Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

2022	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>				
Trade and other payables	100,934	44,544	–	145,478
Lease liabilities	51,403	205,613	753,916	1,010,932
<b>Total non-derivatives</b>	<b>152,337</b>	<b>250,157</b>	<b>753,916</b>	<b>1,156,410</b>
<b>2021</b>				
<b>Non-derivatives</b>				
Trade and other payables	80,685	–	–	80,685
Lease liabilities	63,753	205,613	805,319	1,074,685
<b>Total non-derivatives</b>	<b>144,438</b>	<b>205,613</b>	<b>805,319</b>	<b>1,155,370</b>

## Note 25. Key management personnel disclosures

The following persons were directors of Mundaring Community Financial Services Limited during the financial year:

Duncan Francis Frederick Pratt	Toni-Louise Burbidge
Benjamin Peter Fillery	Hannah Mary Dyer
Rochelle Amanda Werrett	Peter Francis Hackett
Nicola Jane Smith	James Edward Saunders
Kerry Dawn Hort Rowe	Susan Elisabeth Fox-Mooney
Danielle Vanessa Tamati	

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 25. Key management personnel disclosures (continued)

### Compensation

Key management personnel compensation comprised the following.

	2022 \$	2021 \$
Short-term employee benefits	15,000	18,241
Post-employment benefits	1,500	–
	<b>16,500</b>	<b>18,241</b>

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

## Note 26. Related party transactions

### Transactions with related parties

The following transactions occurred with related parties:

	2022 \$	2021 \$
The company used the accounting services of one of its directors in relation to Jeasdel Pty Ltd.	2,460	3,168
The company used the Chidlow Tavern for marketing and corporate function purposes. The total benefit received was:	–	1,000
Rochelle Werrett provided Social Media Marketing and Administration services.	9,410	–
Peter Hackett provided testing and tagging for both Branch and Corporate Office.	272	265

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

## Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2022 \$	2021 \$
<b>Audit services</b>		
Audit or review of the financial statements	5,200	5,000
<b>Other services</b>		
Taxation advice and tax compliance services	600	600
General advisory services	3,150	2,510
Share registry services	6,395	6,280
	<b>10,145</b>	<b>9,390</b>
	<b>15,345</b>	<b>14,390</b>

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 \$	2021 \$
Profit after income tax expense for the year	48,917	47,152
Adjustments for:		
- Depreciation and amortisation	84,685	88,367
- Net gain on disposal of non-current assets	(1,595)	–
- Lease liabilities interest	26,510	27,707
Change in operating assets and liabilities:		
- Decrease/(increase) in trade and other receivables	(59,173)	23,683
- Decrease in deferred tax assets	18,279	–
- Decrease in other operating assets	–	8,319
- Increase in trade and other payables	10,800	2,123
- Decrease in employee benefits	(10,808)	(35,726)
- Increase in other provisions	866	836
<b>Net cash provided by operating activities</b>	<b>118,481</b>	<b>162,461</b>

## Note 29. Earnings per share

	2022 \$	2021 \$
Profit after income tax	48,917	47,152

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	565,700	565,700
Weighted average number of ordinary shares used in calculating diluted earnings per share	565,700	565,700

	Cents	Cents
Basic earnings per share	8.65	8.34
Diluted earnings per share	8.65	8.34

# Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 29. Earnings per share (continued)

### Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Mundaring Community Financial Services Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

## Note 30. Commitments

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

## Note 31. Contingencies

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

## Note 32. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.



# Director's Declaration

For the year ended 30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

**Duncan Francis Frederick Pratt**

Chair



29 August 2022

# Independent audit report

For the year ended 30 June 2022



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

## Independent auditor's report to the Directors of Mundaring Community Financial Services Limited

### Report on the Audit of the Financial Report

#### Opinion

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

- Statement of financial position as at 30 June 2022
- 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 Mundaring Community 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 2022 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.



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# Independent audit report (continued)

For the year ended 30 June 2022



61 Bull Street  
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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.



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# Independent audit report (continued)

For the year ended 30 June 2022



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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: 29 August 2022

**Joshua Griffin**  
Lead Auditor



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Gidgegannup Small Farm Field Day 2022  
Andrea Southam with stilt walkers from Enchanted Stiltwalking





# Community Bank Mundaring

 **Bendigo Bank**

Celebrating 20 years  
Community Bank Mundaring, established 2002

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6945 Great Eastern Highway,  
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Franchisee: Mundaring Community Financial Services Limited  
ABN: 63 097 289 677  
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