2021 Annual Report

Bacchus Marsh Community Enterprise Limited

ABN 11 164 574 832

Community Bank · Bacchus Marsh

Contents

Chair's report

For year ending 30 June 2021

All of our community groups encountered challenging circumstances and we were pleased to be able to continue our support of many community groups and their projects.

It gives me great pleasure to present the Financial Report for the 2020/21 year. We have now experienced a full year of life with COVID-19 and our wonderful staff have adjusted with their usual professionalism to the challenges that have been presented. The pandemic has accelerated the use of digital banking services in all banks and has altered the banking landscape in many towns. Bacchus Marsh has seen two major banks close and another reduce their hours. Our strong commitment to customer service has enabled us to capitalise on the flow of customers from these branches and the opportunities that will present into the future.

The branch footings (loans and deposits) increased by 21.4% to $240.2 million and even though margins are at a low point, our branch revenue grew by 22.1% to $1.45 million for the year. Expenses increased by 20.2% which included a considerable investment into the Community Enterprise Foundation™ ($250,000 or 17.3% of branch revenue) for use in future community projects. Operating profit before community investments increased by 50.8% to $625,107. Profit after tax decreased by 1.3% or $1,311 resulting in earnings per share of 10.68 cents compared to 10.82 cents last year.

All of our community groups encountered challenging circumstances and we were pleased to be able to continue our support of many community groups and their projects. Throughout the year we invested $282,758 into our community including a $500 grant to 43 groups to spend in the community and reconnect with their members, when possible. This brings our total investment in the community to $790,825 since opening in October 2014. The $250,000 contribution to the Community Enterprise Foundation™ brings the fund to $364,479 at year end and in 2020/21 we expensed $31,000 on our Scholarship program, Defibrillators and the Victorian Bushfire Relief Fund.

In February 2021, the company paid another fully franked dividend of 6.5 cents per share to our loyal shareholders.

The Board has considered the impact of COVID-19 on the branch and the opportunities that continue to be presented and we are very positive about the future of our branch's banking operations. We will continue to review and control our expenses and prepare ourselves and our people for future growth.

Throughout 2020/21 the branch operated with a full team of six full-time and one part-time staff and combined with assistance from Grant Hopkinson, the region's Mobile Relationship Manager, the branch results are the strongest in our region. The Board is extremely proud of Ian, Veronica, Michelle, Janine, Melissa, Amanda and Lucy and their passion for their customers and the community. The results have been fantastic once again and we are fortunate to have such caring and enthusiastic locals. At the end of the year we farewelled Lucy and Amanda to other Community Banks in our region and thank them for their service to Community Bank Bacchus Marsh and the community and wish them every success in their future.

Like most of the world, our Board has met virtually for the whole of 2020/21, with the exception of one face-to-face meeting in June. Our virtual meetings have been very efficient and entertaining and we expect they will continue. The Board has missed our interaction with the community but we have made every effort to support our community groups and our community throughout the year. Included in our contributions to the community this year was a donation to the Victorian Bushfire Appeal on behalf of our customers and our community and we increased our support for the agencies that have always supported our community and found their services in more demand. I would like to thank the Board and Amanda our Minute Secretary for their contribution and support of each other and the Bacchus Marsh community.

Bendigo Bank has adjusted throughout the year to the challenges facing every organisation and have continued to be supportive to our staff and our Board. Our success would not be possible without their unique model and ongoing resources.

To our shareholders and our customers, thank you for your contribution to Community Bank Bacchus Marsh and Bacchus Marsh Community Enterprise Limited. Your involvement in the enterprise has continued to contribute to our success and we look forward to growing our business further and building on the resources to invest in the community.

Together we can make great things happen.

Claire Sutherland
Chair

Manager's report

For year ending 30 June 2021

Our simple branch philosophy of providing great service with a smile has been one of the reasons clients want to bank with us. I am so proud of the staff who deliver this level of service. They all personally care and look out for our clients and each other.

This has been a year full of challenges and change that we have all had to adapt to both in our work environment and our personal lives.

In fact, the last three years have seen many challenges. From the Royal Commission that brought changes to our industry around tightening of policy to the COVID-19 pandemic that will have an everlasting effect on the way we live and do our banking. When we sat down to discuss our budgets for the 2020/21 financial year and the growth we should expect, it was hard to gauge what the year would bring. The end result was a conservative growth budget of $13.5 million due to concerns with the growth of the economy.

Our branch staff agreed as a team that all we could do was remain as positive as possible, embrace the change and support our clients. Throughout the year, our staff worked extremely hard to deliver the best possible service to our clients and to sell products to a need. What started out as a year that we thought would be one of our toughest for growth, turned out to be the most successful year in our seven-year history. Our footings (loans and deposits) grew by $42.3 million which was an increase of 21.4% on the prior year.

I'd like to share with you some of the key indicators that made our branch one of the strongest Community Banks in the nation this year. Customer numbers increased by 430 or 15.8% against a target of 5% and branch footings growth was up 213.0% against the $13.5 million target. We also achieved our insurance sales and wealth targets. All of these outstanding results in conjunction with good expense management, resulted in a profit before tax and community investment of $625,107. This enabled a record year of community investment with over $250,000 outlaid in initiatives this year and an additional $250,000 placed in the Community Enterprise Foundation™ for future investment.

Our simple branch philosophy of providing great service with a smile has been one of the reasons clients want to bank with us. I am so proud of the staff who deliver this level of service. They all personally care and look out for our clients and each other. Veronica, Michelle, Janine, Melissa, Lucy and Amanda all made my job easy and have all been a pleasure to work with.

As our branch continues to grow it creates further opportunities. During the year we farewelled two staff who both moved to other Bendigo Bank branches for their own career development, and at the same time, two major banks in Bacchus Marsh closed their doors. This created challenges that we were not totally prepared for with the influx of new clients opening accounts and wanting to refinance lending. We have since replaced Lucy and Amanda and I am very excited to introduce Sarah Rhoads (Relationship Consultant) and Simran Kaur (Customer Relationship Manager) who have joined our team. They have wonderful personalities and will be an excellent fit for our branch.

The impact of COVID-19 and the closure of two major banks have triggered an ongoing review of our staffing needs and the way we operate. Some of the changes include using Microsoft Teams to talk to clients online instead of face-to-face and the use of digital banking for signing of documents and document requests. We are currently reviewing our staffing needs and plan to employ another lender to take on the additional lending opportunities in the community.

We also continue to have the services of Grant Hopkinson (Mobile Relationship Manager) who is employed by Bendigo Bank, lives locally and is available to see clients after work or on weekends.

I would like to take this opportunity to thank Claire and all the Board members for all the support they provide myself and the staff at the branch. This is one of the reasons we have been so successful to date. They have all been so supportive during a very challenging year. The Board has done a fabulous job in promoting our brand and we are all very proud of the nearly $800,000 we have been able to invest in our community since opening in October 2014, to help make our town a better place to live.

The Bendigo Bank continues to support us with the resources, training and products that make our offerings very competitive in the market. We look forward to assisting you with your banking needs.

Always remember 'Support the Community Bank that supports your Community'.

Ian Prince
Branch Manager
Community Bank Bacchus Marsh

Bendigo and Adelaide Bank report

For year ending 30 June 2021

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

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

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

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

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

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

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

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

Collin Brady
Head of Community Development

Investing in our community...

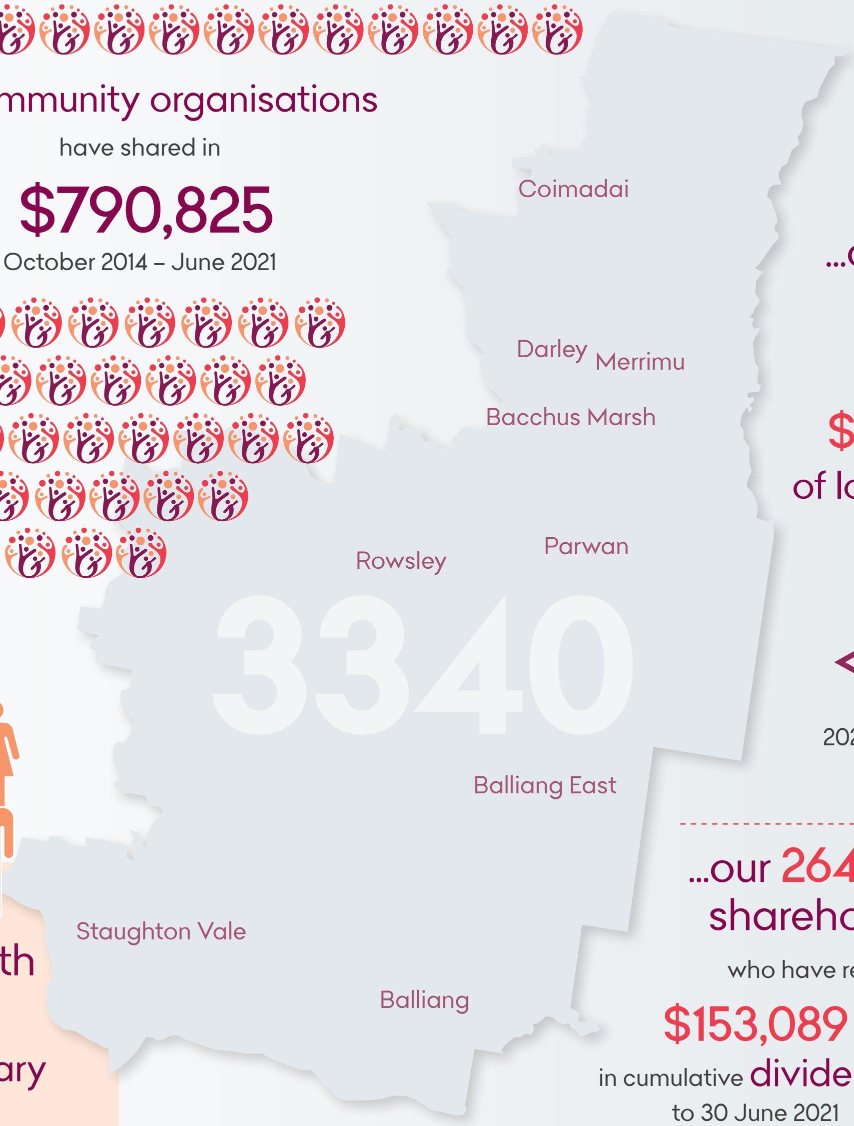
...our local community organisations

96 community organisations

have shared in

$790,825

October 2014 – June 2021



...our local youth

10 university scholarship/ bursary

recipients

Thanks to...

...our 3,158 local customers

at 30 June 2021

with

$240.2 million

of loans and deposits

2020/21: $42.3 million, 21.4% growth

...our 264 local shareholders

who have received

$153,089

in cumulative dividends

to 30 June 2021

2020/21: 6.5 cent fully franked dividend

...our local and expanding team

67,391 hours local employment

since opening 30 October 2014 - 30 June 2021

Community Bank Bacchus Marsh staff
L-R: Michelle Molenkamp, Melissa Fellows, Janine Payne, Sarah Rhoads, Ian Prince, Prabhsimran Kaur and Veronica Mayne.

Directors' report

For the financial year ended 30 June 2021

The directors present their report together with the financial statements of the company for the financial year ended 30 June 2021.

Directors

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

Claire Therese Sutherland

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: 30 years experience in the hospitality industry. Former Director and Chair of Djerriwarrh Health Services, Ronald McDonald House Parkville Inc. and former Director of Ronald McDonald House Charities. Current Chair of Bacchus Marsh Community Unlimited Inc.

Special responsibilities: Chair, Risk Management Committee, Finance & Investment Committee and Human Resources Committee

Interest in shares: 25,001 ordinary shares

Ian Colin Barnett

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Bacchus Marsh Community Enterprise Director and Treasurer. CFA Volunteer for 41 years. Treasurer for Bacchus Marsh Fire Brigade and Pentland Group of Fire Brigades. Treasurer of Bacchus Marsh Community Unlimited Inc. Company Director (38 years) Regional Tyre Service and Regional RingTread Pty Ltd. Committee Member for the Victorian Tyre Dealers Association - a Division of the Victorian Automobile Chamber of Commerce.

Special responsibilities: Treasurer, Risk Management Committee and Finance & Investment Committee

Interest in shares: 25,001 ordinary shares

Heather Jean Steegstra

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Office clerical & bookkeeping - Local Government 8 years. Integration aide with Education Department - 8 years. Certificate of Financial Management. Business Manager with Education Department - 16 years. Bacchus Marsh Golf Club Ladies Committee Secretary - 8 years.

Special responsibilities: Secretary, Community Investment Committee

Interest in shares: 4,001 ordinary shares

Travis Ashley Bawden

Non-executive director

Occupation: IT Account Manager

Qualifications, experience and expertise: Over 20 years in the Information Technology industry within Management, Project Management and Consultancy. Master of Management, Member of CFA for 20 years including Volunteer & former office bearer.

Special responsibilities: Deputy Chair, Community Investment Committee

Interest in shares: 1 ordinary share

Directors (continued)

Karen Patricia Hapgood

Non-executive director

Occupation: Engineer

Qualifications, experience and expertise: Karen Hapgood is a Professor of Engineering and currently the Executive Dean of the Faculty of Science Engineering & Built Environment at Deakin University. She leads the faculty including teaching & education, research & innovation, staff and budget responsibilities. She holds a Bachelor and PhD in Chemical Engineering, Graduate Certificate in Higher Education, and is a Graduate of the Australian Institute of Company Directors. She is a member of the Bacchus Marsh Historical Society, and the Bacchus Marsh Arts Council.

Special responsibilities: Human Resources Committee

Interest in shares: 2,000 ordinary shares

Simon Maynard Hooper

Non-executive director

Occupation: Head of Underwriting

Qualifications, experience and expertise: In 2018-2019 Simon was Head of Product - Precision Autonomy and is currently Head of Underwriting - Precision Autonomy. Since 2015 he has been a Director of Australian Association for Unmanned Systems. Simon holds a Bachelor of Aviation, Cert IV in General Insurance and Cert IV in Accounting and Bookkeeping.

Special responsibilities: Finance & Investment Committee, Risk Management Committee

Interest in shares: 2,000 ordinary shares

Paula Elizabeth McMillan

Non-executive director

Occupation: Ward Clerk

Qualifications, experience and expertise: Various roles including Management and Project Management in Australia Post for 26 years. Ward Clerk, Bacchus Marsh Hospital, Board Member Bacchus Marsh Community College and Member of the Bacchus Marsh Urban Fire Brigade.

Special responsibilities: Community Investment Committee, Human Resources Committee

Interest in shares: 1,001 ordinary shares

Keith Walter Currie

Non-executive director

Occupation: Teacher

Qualifications, experience and expertise: Keith is a Mathematics and Science teacher. He has been Vice Principal of The Scots College (Sydney), Foundation Principal of Trinity Anglican College-Albury, Assistant Principal at Bacchus Marsh Grammar. Keith holds B.Sc (ANU), Dip. Ed. (CCAE), B.Bus. (Accounting) (CSU) and M. Ed. (U Syd). A member of Rotary Club of Bacchus Marsh. Chairman - Moorabool Light Orchestra, Board Member - Western Emergency Relief Network, Board Member - Bacchus Marsh Public Hall Committee of Management, Past President - Rotary Bacchus Marsh.

Special responsibilities: Human Resources Committee, Community Investment Committee

Interest in shares: nil share interest held

Directors (continued)

Peter George Tonks

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Peter has experience in accounting, management and contracting. He is a member of the Tourism Association, Abbeyfield Community House and Probus.

Special responsibilities: Community Investment Committee

Interest in shares: 2,000 ordinary shares

Philip Dale McBean

Non-executive director (resigned 17 November 2020)

Occupation: Retired

Qualifications, experience and expertise: Phil has spent some 41 years in the finance industry: 31 years with ANZ Bank covering: retail banking, general administration, management accounting, risk management, commercial and corporate lending, and as a senior manager in the Bank's global lending headquarters. Upon leaving the bank, he ran his own financial planning business for 10 years. Phil has lectured at RMIT for a short period as a sessional lecturer in financial planning. Phil is also a Past President of the Rotary Club of Bacchus Marsh. Phil holds the following qualifications: B.Bus (Finance and Banking), Grad Dip (Tax, Trust and Company law), M.Com (Financial Planning), and a M.Sc (Astronomy). He is a Fellow with the Financial Services Institute of Australia, and a Fellow with the Australia and New Zealand Institute of Insurance and Finance.

Special responsibilities: Risk Management and Finance & Investment Committee

Interest in shares: 500 ordinary shares

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

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

Company Secretary

The company secretary is Heather Jean Steegstra. Heather was appointed to the position of secretary on 1 July 2013.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
99,051	100,362

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Claire Therese Sutherland	25,001	-	25,001
Ian Colin Barnett	25,001	-	25,001
Heather Jean Steegstra	4,001	-	4,001
Travis Ashley Bawden	1	-	1
Karen Patricia Hapgood	2,000	-	2,000
Simon Maynard Hooper	2,000	-	2,000
Paula Elizabeth McMillan	1,001	-	1,001
Keith Walter Currie	-	-	-
Peter George Tonks	2,000	-	2,000
Philip Dale McBean	500	-	500

Dividends

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

	Cents per share	Total amount $
Final fully franked dividend	6.5	60,308

Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the company's financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification 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.

Directors' meetings

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							
			Community Investment		Human Resources		Finance & Investment		Risk Management	
	E	A	E	A	E	A	E	A	E	A
Claire Therese Sutherland	11	10	2	2	-	-	-	-	-	-
Ian Colin Barnett	11	10	-	-	-	-	-	-	-	-
Heather Jean Steegstra	11	10	9	9	-	-	-	-	-	-
Travis Ashley Bawden	11	10	9	9	-	-	-	-	-	-
Karen Patricia Hapgood	11	8	-	-	-	-	-	-	-	-
Simon Maynard Hooper	11	9	-	-	-	-	-	-	-	-
Paula Elizabeth McMillan	11	11	9	9	-	-	-	-	-	-
Keith Walter Currie	11	11	9	9	-	-	-	-	-	-
Peter George Tonks	11	9	9	9	-	-	-	-	-	-
Philip Dale McBean	4	3	-	-	-	-	-	-	-	-

Proceedings on behalf of the company

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

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 28 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality 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 on page 14.

Signed in accordance with a resolution of the directors at Bacchus Marsh, Victoria.

Claire Therese Sutherland
Chair

Dated this 24th day of August 2021

Auditor’s independence declaration

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

Independent auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Bacchus Marsh Community Enterprise Limited

As lead auditor for the audit of Bacchus Marsh Community Enterprise Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 August 2021

Joshua Griffin
Lead Auditor

Financial statements

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

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	1,445,835	1,183,759
Other revenue	9	61,266	92,624
Finance income	10	6,804	10,347
Employee benefit expenses	11e)	(604,718)	(581,806)
Charitable donations, grants, sponsorship, and promotion	11d)	(501,487)	(284,829)
Occupancy and associated costs		(18,659)	(20,002)
Systems costs		(35,036)	(34,886)
Depreciation and amortisation expense	11a)	(108,125)	(97,691)
Impairment losses	11b)	-	(20,580)
Finance costs	11c)	(36,164)	(40,209)
General administration expenses		(86,096)	(76,934)
Profit before income tax expense		**123,620**	**129,793**
Income tax expense	12a)	(24,569)	(29,431)
Profit after income tax expense		**99,051**	**100,362**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**99,051**	**100,362**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	31a)	10.68	10.82

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	822,541	722,554
Trade and other receivables	15	142,366	126,782
Current tax assets	19a)	2,173	2,794
Total current assets		**967,080**	**852,130**
Non-current assets			
Investment property	14a)	21,884	29,330
Property, plant and equipment	16a)	120,026	142,250
Right-of-use assets	17a)	825,467	649,859
Intangible assets	18a)	43,560	56,628
Deferred tax asset	19b)	38,986	38,960
Total non-current assets		**1,049,923**	**917,027**
Total assets		**2,017,003**	**1,769,157**
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	47,418	24,997
Lease liabilities	21a)	61,166	42,385
Employee benefits	23a)	35,875	38,720
Total current liabilities		**144,459**	**106,102**
Non-current liabilities			
Trade and other payables	20b)	31,008	46,512
Lease liabilities	21b)	937,773	767,678
Employee benefits	23b)	33,674	19,548
Provisions	22a)	10,769	8,740
Total non-current liabilities		**1,013,224**	**842,478**
Total liabilities		**1,157,683**	**948,580**
Net assets		**859,320**	**820,577**
EQUITY			
Issued capital	24a)	898,544	898,544
Accumulated losses	25	(39,224)	(77,967)
Total equity		**859,320**	**820,577**

The accompanying notes form part of these financial statements.

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

	Notes	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019		898,544	(131,938)	766,606
Total comprehensive income for the year		-	100,362	100,362
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30a)	-	(46,391)	(46,391)
Balance at 30 June 2020		**898,544**	**(77,967)**	**820,577**
Balance at 1 July 2020		898,544	(77,967)	820,577
Total comprehensive income for the year		-	99,051	99,051
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30a)	-	(60,308)	(60,308)
Balance at 30 June 2021		**898,544**	**(39,224)**	**859,320**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		1,647,115	1,365,902
Payments to suppliers and employees		(1,353,494)	(1,083,641)
Interest received		6,804	10,347
Interest paid		-	(407)
Lease payments (interest component)	11c)	(35,785)	(39,801)
Lease payments not included in the measurement of lease liabilities	11f)	(15,808)	(16,390)
Income taxes paid		(23,975)	(40,851)
Net cash provided by operating activities	**26**	**224,857**	**195,159**
Cash flows from investing activities			
Payments for property, plant and equipment		(3,604)	(22,526)
Payments for right-of-use assets		(50,841)	-
Payments for intangible assets		(14,095)	(14,095)
Net cash used in investing activities		**(68,540)**	**(36,621)**
Cash flows from financing activities			
Proceeds from lease liabilities		56,490	-
Lease payments (principal component)		(52,512)	(38,129)
Dividends paid	30a)	(60,308)	(46,391)
Net cash used in financing activities		**(56,330)**	**(84,520)**
Net cash increase in cash held		**99,987**	**74,018**
Cash and cash equivalents at the beginning of the financial year		722,554	648,536
Cash and cash equivalents at the end of the financial year	**13**	**822,541**	**722,554**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

Note 1 Reporting entity

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

Registered Office	**Principal Place of Business**
2/137A Main Street Bacchus Marsh VIC 3340	2/137A Main Street Bacchus Marsh VIC 3340

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

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. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 24 August 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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.

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo Bank for a deposit,
- minus any costs of funds i.e. interest applied 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.

b) Other revenue

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

Revenue stream	Revenue recognition policy
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.

Note 4 Summary of significant accounting policies (continued)

b) Other revenue (continued)

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.

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

Discretionary financial contributions

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

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

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank. No MDF payments were made to the company during the financial year.

Cash flow boost

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 4 Summary of significant accounting policies (continued)

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

Goods and Services Tax

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

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

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

Note 4 Summary of significant accounting policies (continued)

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss.

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	7 to 17 years
Plant and equipment	Straight-line	2 to 20 years
Furniture, fixtures and fittings	Straight-line	2 to 10 years
Motor vehicles	Straight-line	4 years

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

h) Intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise. The company has also acquired an agency/customer list from Bendigo Bank.

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. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

Asset class	Method	Useful life
Franchise establishment fee	Straight-line	Over the franchise term (5 years)
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade and other 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.

Note 4 Summary of significant accounting policies (continued)

j) 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 14 days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2021.

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

As a lessee

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

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

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

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

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

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

Note 4 Summary of significant accounting policies (continued)

m) Leases (continued)

As a lessee (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 zero.

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

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

Short-term leases and leases of low-value assets

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

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

As a lessor

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

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Given the term of the sublease is less than the head lease term, the sublease does not meet the definition of a finance sublease and as such is an operating lease.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property. The portion calculated is based on the sublease term and size of the subleased area as a percentage of the head lease term and area.

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

Note	Judgement
- Note 21 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.
d) sublease classification	d) judgement is required to determine the classification of the sublease as either an operating or a finance sublease.

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

b) Assumptions and estimation uncertainties

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

Note	Assumptions
- Note 19b) - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 23 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities 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 flows amounts are gross and undiscounted.

30 June 2021		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	998,939	95,377	375,933	779,578
Trade and other payables	78,426	47,418	31,008	-
	1,077,365	**142,795**	**406,941**	**779,578**

30 June 2020		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	810,063	80,267	345,882	658,371
Trade and other payables	71,509	24,997	46,512	-
	881,572	**105,264**	**392,394**	**658,371**

Note 6 Financial risk management (continued)

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $822,541 at 30 June 2021 (2020: $722,554). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

Note 7 Capital management (continued)

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	1,293,417	1,045,599
- Fee income	70,316	67,458
- Commission income	82,102	70,702
	1,445,835	**1,183,759**

Note 9 Other revenue

	2021 $	2020 $
- Sub-leasing income	23,766	20,124
- Market development fund income	-	10,000
- Cash flow boost	37,500	62,500
	61,266	**92,624**

Note 10 Finance income

	2021 $	2020 $
- Term deposits	**6,804**	**10,347**

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

Note 11 Expenses

	2021 $	2020 $
a) Depreciation and amortisation expense		
Depreciation of non-current assets:		
- Leasehold improvements	15,187	12,014
- Plant and equipment	8,639	7,808
- Furniture and fittings	2,002	1,354
	25,828	**21,176**
Depreciation of right-of-use assets		
- Leased land and buildings	61,150	60,470
- Leased motor vehicles	8,079	-
	69,229	**60,470**
Amortisation of intangible assets:		
- Franchise fee	2,178	2,118
- Franchise establishment fee	-	6,667
- Franchise renewal process fee	10,890	7,260
	13,068	**16,045**
Total depreciation and amortisation expense	**108,125**	**97,691**
b) Impairment losses		
Impairment of property, plant and equipment and intangible assets:		
- Domiciled customer accounts	-	16,976
- Domiciled agency or branch business	-	3,604
	-	**20,580**
c) Finance costs		
Finance costs:		
- Lease interest expense	35,785	39,801
- Unwinding of make-good provision	379	408
	36,164	**40,209**

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

d) Charitable donations, grants, sponsorship, and promotion

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

	2021 $	2020 $
- Direct grants, sponsorship, and promotion payments	251,487	164,829
- Contribution to the Community Enterprise Foundation™	250,000	120,000
	501,487	**284,829**

Note 11 Expenses (continued)

d) Charitable donations, grants, sponsorship, and promotion (continued)

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

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

e) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	500,778	493,735
Non-cash benefits	4,271	682
Contributions to defined contribution plans	56,458	47,040
Expenses related to long service leave	14,126	4,427
Other expenses	29,085	35,922
	604,718	**581,806**

f) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	**15,808**	**16,390**

Note 12 Income tax expense

	2021 $	2020 $
a) Amounts recognised in profit or loss		
Current tax expense/(credit)		
- Current tax	24,596	37,754
- Movement in deferred tax	(1,586)	(42,709)
- Adjustment to deferred tax on AASB 16 retrospective application	-	32,138
- Reduction in company tax rate	1,559	2,248
	24,569	**29,431**
b) Prima facie income tax reconciliation		
Operating profit before taxation	123,620	129,793
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	32,141	35,693
Tax effect of:		
- Non-deductible expenses	619	8,678
- Temporary differences	1,586	10,571
- Other assessable income	(9,750)	(17,188)
- Movement in deferred tax	(1,586)	(42,709)
- Leases initial recognition	-	32,138
- Reduction in company tax rate	1,559	2,248
	24,569	**29,431**

Note 13 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	35,601	92,419
- Term deposits	786,940	630,135
	822,541	**722,554**

Note 14 Investment property

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

	2021 $	2020 $
a) Carrying amounts		
Investment properties - sublease		
At cost	100,598	70,431
Less: accumulated depreciation	(78,714)	(41,101)
Total written down amount	**21,884**	**29,330**
b) Reconciliation of carrying amounts		
Investment properties - sublease		
Carrying amount at beginning	29,330	-
Initial recognition on transition - at cost	-	70,431
Initial recognition on transition - accumulated depreciation	-	(26,999)
Remeasurement adjustments	13,830	-
Depreciation	(21,276)	(14,102)
Total written down amount	**21,884**	**29,330**

c) Maturity analysis

The operating sub-lease is a three year lease which commenced 31 July 2017. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2021 $	2020 $
- Within 12 months	21,925	21,954
- Between one and two years	3,654	23,784
Total undiscounted lease receivable	**25,579**	**45,738**

Note 15 Trade and other receivables

	2021 $	2020 $
Current assets		
Trade receivables	124,113	116,927
Prepayments	15,373	6,975
Other receivables and accruals	2,880	2,880
	142,366	**126,782**

Note 16 Property, plant and equipment

	2021 $	2020 $
a) Carrying amounts		
Leasehold improvements		
At cost	169,054	169,054
Less: accumulated depreciation	(77,258)	(62,071)
	91,796	**106,983**
Plant and equipment		
At cost	59,361	59,361
Less: accumulated depreciation	(38,113)	(29,474)
	21,248	**29,887**
Furniture and fittings		
At cost	12,606	9,002
Less: accumulated depreciation	(5,624)	(3,622)
	6,982	**5,380**
Total written down amount	**120,026**	**142,250**
b) Reconciliation of carrying amounts		
Leasehold improvements		
Carrying amount at beginning	106,983	118,997
Depreciation	(15,187)	(12,014)
	91,796	**106,983**
Plant and equipment		
Carrying amount at beginning	29,887	16,148
Additions	-	21,547
Depreciation	(8,639)	(7,808)
	21,248	**29,887**
Furniture and fittings		
Carrying amount at beginning	5,380	5,754
Additions	3,604	980
Depreciation	(2,002)	(1,354)
	6,982	**5,380**
Total written down amount	**120,026**	**142,250**

c) Changes in estimates

The company's review of estimates resulted in changes in the useful life. The leasehold improvements' useful life had previously been assessed as 40 years. This is now expected to be 17 years. This reassessment was done in order to align the useful life of the leasehold improvements with the lease term. The remaining useful life is approximately 13 years. The effect of these changes on actual and expected depreciation expense was as follows:

	2021	2022	2023	2024	2025+
Increase/(decrease) in depreciation expense	3,193	3,193	3,193	3,193	(12,772)

Note 17 Right-of-use assets

	2021 $	2020 $
a) Carrying amounts		
Leased land and buildings		
At cost	1,032,883	876,501
Less: accumulated depreciation	(250,178)	(226,642)
	782,705	**649,859**
Leased motor vehicles		
At cost	50,841	-
Less: accumulated depreciation	(8,079)	-
	42,762	**-**
Total written down amount	**825,467**	**649,859**
b) Reconciliation of carrying amounts		
Leased land and buildings		
Carrying amount at beginning	649,859	-
Initial recognition on transition	-	876,501
Accumulated depreciation on adoption	-	(180,275)
Remeasurement adjustments	172,720	-
Depreciation	(39,874)	(46,367)
Carrying amount at end	**782,705**	**649,859**
Leased motor vehicles		
Additional right-of-use assets recognised	50,841	-
Depreciation	(8,079)	-
Carrying amount at end	**42,762**	**-**
Total written down amount	**825,467**	**649,859**

Note 18 Intangible assets

	2021 $	2020 $
a) Carrying amounts		
Franchise fee		
At cost	20,890	20,890
Less: accumulated depreciation	(13,630)	(11,452)
	7,260	**9,438**
Franchise establishment fee		
At cost	100,000	100,000
Less: accumulated depreciation	(100,000)	(100,000)
	-	**-**
Franchise renewal process fee		
At cost	54,450	54,450
Less: accumulated depreciation	(18,150)	(7,260)
	36,300	**47,190**

Note 18 Intangible assets (continued)

	2021 $	2020 $
a) Carrying amounts (continued)		
Cash-generating unit - domiciled accounts		
At cost	16,976	16,976
Less: accumulated impairment	(16,976)	(16,976)
	-	-
Other intangible assets		
At cost	3,604	3,604
Less: accumulated impairment	(3,604)	(3,604)
	-	-
Total written down amount	**43,560**	**56,628**
b) Reconciliation of carrying amounts		
Franchise fee		
Carrying amount at beginning	9,438	667
Additions	-	10,889
Amortisation	(2,178)	(2,118)
	7,260	**9,438**
Franchise establishment fee		
Carrying amount at beginning	-	6,667
Amortisation	-	(6,667)
	-	-
Franchise renewal process fee		
Carrying amount at beginning	47,190	-
Additions	-	54,450
Amortisation	(10,890)	(7,260)
	36,300	**47,190**
Cash-generating unit - domiciled accounts		
Carrying amount at beginning	-	16,976
Impairment	-	(16,976)
	-	-
Other intangible assets		
Carrying amount at beginning	-	3,604
Impairment	-	(3,604)
	-	-
Total written down amount	**43,560**	**56,628**

c) Changes in estimates

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

Note 19 Tax assets and liabilities

	2021 $	2020 $
a) Current tax		
Income tax refundable	**(2,173)**	**(2,794)**
b) Deferred tax		
Deferred tax assets		
- expense accruals	700	728
- employee provisions	17,387	15,150
- make-good provision	2,692	2,272
- lease liability	237,873	210,616
Total deferred tax assets	**258,652**	**228,766**
Deferred tax liabilities		
- income accruals	720	749
- property, plant and equipment	17,799	12,468
- right-of-use assets	201,147	176,589
Total deferred tax liabilities	**219,666**	**189,806**
Net deferred tax assets/(liabilities)	**38,986**	**38,960**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**(26)**	**8,323**
Movement in deferred tax charged to Statement of Changes in Equity	**-**	**32,138**

Note 20 Trade creditors and other payables

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

	2021 $	2020 $
a) Current liabilities		
Trade creditors	8,217	3,767
Other creditors and accruals	39,201	21,230
	47,418	**24,997**
b) Non-current liabilities		
Other creditors and accruals	**31,008**	**46,512**

Note 21 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%. Subsequent lease modifications were discounted at 3.54%.

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

The company's lease portfolio includes:

- Bacchus Marsh - Shop 1
  The lease agreement for 2/137A Main Street, Bacchus Marsh commenced in June 2014. A 5 year renewal option was exercised in June 2019. The company has 2 x 5 year renewal options 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 May 2034.

Note 21 Lease liabilities (continued)

- Bacchus Marsh - Shop 2
  The lease agreement for 1/137A Main Street, Bacchus Marsh commenced in July 2017 and is a non-cancellable term of six years and eleven months. The company has 2 x 5 year renewal options 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 May 2034.
- Motor vehicle
  The lease agreement for the Isuzu Motor Vehicle commenced in November 2020 and is a non-cancellable term of four years. As such, the lease term end date used in the calculation of the lease liability is October 2024. Upon the last payment the registered security over the motor vehicle is removed.

	2021 $	2020 $
a) Current lease liabilities		
Property lease liabilities	80,367	80,267
Unexpired interest	(32,922)	(37,882)
	47,445	**42,385**
Motor Vehicle lease liabilities	15,010	-
Unexpired interest	(1,289)	-
	13,721	**-**
	61,166	**42,385**
b) Non-current lease liabilities		
Property lease liabilities	1,120,487	1,004,253
Unexpired interest	(216,439)	(236,575)
	904,048	**767,678**
Motor Vehicle lease liabilities	35,024	-
Unexpired interest	(1,299)	-
	33,725	**-**
	937,773	**767,678**
c) Reconciliation of lease liabilities		
Balance at the beginning	810,063	-
Initial recognition on AASB 16 transition	-	848,192
Additional lease liabilities recognised	56,490	-
Remeasurement adjustments	184,898	-
Lease interest expense	35,785	39,801
Lease payments - total cash outflow	(88,297)	(77,930)
	998,939	**810,063**

The remeasurement adjustments are primarily due to an increase in the lease term for Bacchus Marsh - Shop 2 as a result of the addition of a further 5 year renewal option.

d) Maturity analysis		
- Not later than 12 months	95,377	80,267
- Between 12 months and 5 years	375,933	345,882
- Greater than 5 years	779,578	658,371
Total undiscounted lease payments	**1,250,888**	**1,084,520**
Unexpired interest	(251,949)	(274,457)
Present value of lease liabilities	**998,939**	**810,063**

Note 22 Provisions

	2021 $	2020 $
a) Non-current liabilities		
Make-good on leased premises	**10,769**	**8,740**

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision as $17,000 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 31 May 2034 at which time it is expected the face-value costs to restore the premises will fall due.

Note 23 Employee benefits

	2021 $	2020 $
a) Current liabilities		
Provision for annual leave	**35,875**	**38,720**
b) Non-current liabilities		
Provision for long service leave	**33,674**	**19,548**

c) Key judgement and assumptions

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

Note 24 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	927,810	927,810	927,810	927,810
Less: equity raising costs	-	(29,266)	-	(29,266)
	927,810	**898,544**	**927,810**	**898,544**

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Note 24 Issued capital (continued)

b) Rights attached to issued capital (continued)

Ordinary shares (continued)

Dividends

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

Transfer

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

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

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 237. As at the date of this report, the company had 264 shareholders (2020: 266 shareholders).

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

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

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

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

Note 25 Accumulated losses

	2021 $	2020 $
Balance at beginning of reporting period	(77,967)	(47,210)
Adjustment for transition to AASB 16	-	(84,728)
Net profit after tax from ordinary activities	99,051	100,362
Dividends provided for or paid	(60,308)	(46,391)
Balance at end of reporting period	**(39,224)**	**(77,967)**

Note 26 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	99,051	100,362
Adjustments for:		
- Depreciation	95,057	81,646
- Amortisation	13,068	36,626
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(15,585)	(27,164)
- (Increase)/decrease in other assets	594	(9,616)
- Increase/(decrease) in trade and other payables	21,012	(5,052)
- Increase/(decrease) in employee benefits	11,281	20,161
- Increase/(decrease) in tax liabilities	379	(1,804)
Net cash flows provided by operating activities	**224,857**	**195,159**

Note 27 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 $	2020 $
Financial assets			
Trade and other receivables	15	126,993	119,807
Cash and cash equivalents	13	35,601	92,419
Term deposits	13	786,940	630,135
		949,534	**842,361**
Financial liabilities			
Trade and other payables	20	8,217	3,767
Lease liabilities	21	998,939	810,063
		1,007,156	**813,830**

Note 28 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,700
Non audit services		
- Taxation advice and tax compliance services	1,300	700
- General advisory services	4,260	5,020
- Share registry services	3,255	2,814
Total auditor's remuneration	**13,815**	**13,234**

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Claire Therese Sutherland
Travis Ashley Bawden
Paula Elizabeth McMillan
Philip Dale McBean (resigned 17 November 2020)
Ian Colin Barnett
Karen Patricia Hapgood
Keith Walter Currie
Heather Jean Steegstra
Simon Maynard Hooper
Peter George Tonks

b) Key management personnel compensation

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

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

c) Related party transactions

No director or related entity has entered into a material contract with the company.

Note 30 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	**6.50**	**60,308**	**5.00**	**46,391**

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

	2021 $	2020 $
b) Franking account balance		
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	51,013	27,758
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	(2,794)	(13,342)
- Franking credits from the payment of income tax instalments during the financial year	26,769	54,193
- Franking debits from the payment of franked distributions	(21,189)	(17,596)
Franking account balance at the end of the financial year	**53,799**	**51,013**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(2,173)	(2,794)
Franking credits available for future reporting periods	**51,626**	**48,219**

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 31 Earnings per share

a) Basic and diluted earnings per share

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

	2021 $	2020 $
Profit attributable to ordinary shareholders	99,051	100,362
	Number	**Number**
Weighted-average number of ordinary shares	927,810	927,810
	Cents	**Cents**
Basic and diluted earnings per share	10.68	10.82

Note 32 Commitments

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

Note 33 Contingencies

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

Note 34 Subsequent events

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

Directors' declaration

In accordance with a resolution of the directors of Bacchus Marsh Community Enterprise Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

    (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Claire Therese Sutherland
Chair

Dated this 24th day of August 2021

Independent audit report

Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Bacchus Marsh Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bacchus Marsh Community Enterprise Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Bacchus Marsh Community Enterprise Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

AFS
Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

AFS
Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 August 2021

Joshua Griffin
Lead Auditor

Community Bank · Bacchus Marsh
2/137A Main Street, Bacchus Marsh VIC 3340
Phone: 03 5367 4660 Fax: 03 5367 4506
Email: 9934@bendigoadelaide.com.au
Web: www.bendigobank.com.au/bacchus-marsh

/communitybankbacchusmarsh
/bendigocb_bacchusmarsh

Franchisee:
Bacchus Marsh Community Enterprise Limited
ABN: 11 164 574 832
PO Box 1091, Bacchus Marsh VIC 3340
Email: bacchusmarshcelsecretary@gmail.com

Share Registry:
AFS & Associates Pty Ltd
61 Bull Street, Bendigo VIC 3550
PO Box 454, Bendigo VIC 3552
Phone: 03 5443 0344 Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au
www.afsbendigo.com.au

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