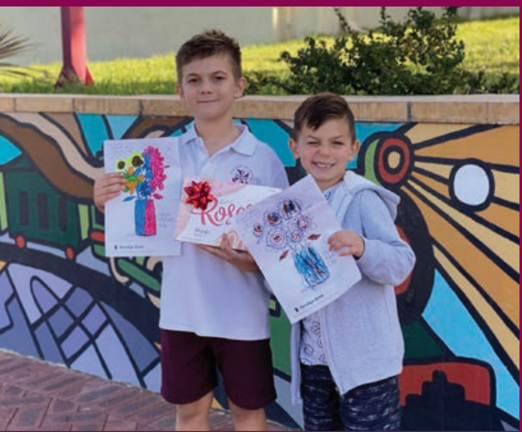
2021 Annual Report



Bayswater Community Financial Services Limited

ABN 60 092 770 593

Contents

Chairman's report

For year ending 30 June 2021

Two workshops held during the year resulted in our Board developing a clearer direction for our community giving and assistance plan. This direction will be announced in the current financial year, and we can't wait to share it with our shareholders.

Our Community Bank has continued to adjust as we see the end of another financial year impacted by COVID-19 and emerging new variants. As always, the safety of our staff and community has been our greatest priority. I offer great thanks to all for wearing masks, social distancing, using hand hygiene gels and following health directives on entering our branch in Bayswater.

In the 2019/20 financial year, the decision by the Board to merge our Noranda branch with our Bayswater branch was difficult but taken in the best interests of our community and our shareholders. Just one year on, thanks to our resilient and cooperative staff, together with our customers, I am delighted to report approximately $35 million growth in our overall portfolio of business which has also contributed towards a pre-tax profit of $445,238, up from $213,504 in the previous year.

The main beneficiaries of this outstanding financial result are our community, with a further $350,000 contributed to our foundation account and which is over and above our pre-tax profit of $445,238. Additionally, our shareholders will benefit from a very successful year, with a dividend of 15c per share fully franked.

Two workshops held during the year resulted in our Board developing a clearer direction for our community giving and assistance plan. This direction will be announced in the current financial year, and we can't wait to share it with our shareholders.

Again, over the past 12 months, our staff have been brilliant. Even while being on the front line in the pandemic, keeping banking services open at Bayswater, our staff under the leadership of our Senior Branch Manager, Sean Kay, have handled any challenge and managed fantastic growth to our bank book. On behalf of the Board, I thank them sincerely.

All Board members have made an exceptional contribution during the financial year, yet sadly we learnt of the retirement of Ron Gascoigne. As a previous bank manager himself and having been a Major in the Australian Army Reserve, his leaderships skills and experience were always greatly appreciated. I am delighted that during his time as a Board member, he was a significant part of helping our company grow to be one of the leading Community Banks across Australia. On behalf of the Board and our community I offer Ron a heart-felt thank you.

Bayswater Community Financial Services Limited again looks forward to continuing to provide substantial community benefits and outstanding customer service for many more years to come. For over 20 years, we have been providing banking services to the people of Bayswater and the surrounding district. While the Bayswater townsite is facing major disruption with the new train station, our community can rely on their Community Bank to help assist them as we have in the past.

Barry McKenna
Chairman

Senior Manager's report

For year ending 30 June 2021

I am delighted to confirm that the projections and predictions we made in 2020, which informed our decision to merge our two branches, have proved to be correct and have resulted in a significantly improved financial performance for our company.

Dear Shareholders,

As was the case last year, the 2021 financial year has again been an unusual one and yet in many ways for our company very rewarding.

Throughout this year of still dealing with COVID-19, we have still managed significant achievements including incorporating all of our staff into our branch in Bayswater following the closure of Noranda. This has not been without its challenges for both staff and customers but we believe that as a result of the action taken by the Board of Directors, that Bayswater Community Financial Services Limited and our branch at Bayswater are far better placed to serve the needs of our community and shareholders for many years to come.

We are remaining as connected as we possibly can to our local community and businesses, especially during the significant disruption which is occurring around the Bayswater townsite as a result of the recently commenced works on the railway station redevelopment. It is already apparent that these works are going to make things very difficult for many businesses in our area and we hope to be able to assist them where appropriate, or advocate on behalf of them throughout the coming years as the works continue.

I am delighted to confirm that the projections and predictions we made in 2020, which informed our decision to merge our two branches, have proved to be correct and have resulted in a significantly improved financial performance for our company. We saw significant growth during the year which is a resounding confirmation of the regard that we are held in within our community and the trust that increasing numbers of customers continue to place in us. This growth has also allowed us to make a significant community contribution as well as an improved shareholder outcome.

During the financial year our overall portfolio of business rose from $335 million to $370 million (+$35 million).

Lending growth was $6 million.

Deposit growth was $29 million.

Last year our Board spent significant time working out what its long-term community focus should look like. We now have a number of key focus areas where we hope to deploy funds that we currently hold in our Community Enterprise Foundation™.

Further information regarding this work is outlined within a new section of this Annual Report and we hope that you find that it is informative and that you value the areas of focus identified.

As always, I urge you to be proud of what we are achieving and let as many people as you can, know about the great things that we are doing. Hopefully this will lead to even more people in our area seeing us as the first choice for their banking needs.

It is a pleasure to work for our Board of Directors, our shareholders, customers and our unique and successful company.

Thank you to all of you and I look forward to another successful year in 2022.

Many thanks

Sean Kay
Senior Branch Manager

Financial year highlights

$372 million
Total footings

$35 million
Footings growth ↑ 10%

8,150 Total customers

12,580 Total accounts

Net Profit before tax
$445,238 from $213,504
↑ 108%

$350,000
into our Community Enterprise Foundation™ account

+

$12,376
in donations, grants and sponsorships

$171,742
Shareholder distributions
October 2021: Fully franked dividend of 15 cents per share

Community investment 2000-2021

Since opening in 2000 to 2021.

Shareholder distributions
$1.627 million

+

Community contributions
$1.752 million

+

Community Enterprise Foundation™ account balance
$0.539 million

=

Total community investment
$3.918 million
2000-2021

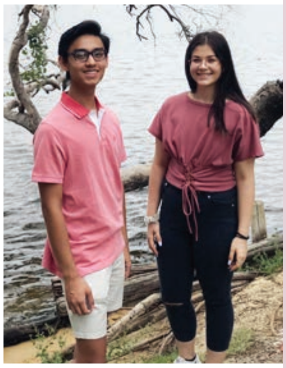
Key focus areas

Strategic Planning Workshop

With a Community Enterprise Foundation™ Balance of $539,526 our Board of Directors have held two workshops during the year to develop a clear and strategic direction for our community giving.

Exciting initiatives will be announced in the near future that meet these key priorities identified at these planning sessions and provide some fantastic programs to help many within our community.

Scholarships



Since 2012, we have provided 20 local students with $132,000 in scholarships towards their tertiary studies. We believe in investing in our youth as the future members of our community. This year, our scholarships allowed the following students to pursue their studies in Edith Cowan University, University of Western Australia and Curtin University:

Milica Brankovic	Bachelor of Science (Nursing)
Carltan San	Bachelor of Science (Physiotherapy)
Tobias Findlay-Abel	Bachelor of Youth Work
Hua Xi Li	Bachelor of Medicine, Bachelor of Surgery
Alison Haney	Bachelor of Biomedical Science

Community Pitch

In June 2021, we provided 15 local community groups and organisations with $51,200 towards their projects for the benefit of our local community. We live streamed the event (pictured opposite page) so everyone could experience the passion and enthusiasm of the pitches; check it out on our Facebook page @ communitybankbayswater

Enviro House

At Bayswater Community Financial Services Limited, we are passionate about the environment and minimising our footprint. We are busy recycling paper and coffee capsules, participating in the council's food organics garden organics composting system, using solar energy and being mindful with our electrical usage.

We have a valued and long-term partnership with Enviro House.

Since 2015, we have provided $135,000 in support to Enviro House to allow them to conduct home and workplace energy and water audits and provide educational workshops to local schools and the general community.

Community contributions 2020/21

Some of the many projects we have been able to support this year from both 2020/21 and via past profits in our Community Enterprise Foundation™ Account:

Organisation	Outcome
55 Central Inc	Christmas Party 2021
Arena Arts and Entertainment Inc	Sound System Installation
Bayswater Community Men's Shed Inc	Dust Extractor
Bayswater Women's Hub Inc	Bayswater Community Tool Library
Future Bayswater Community Group Inc	Bayswater Growers' Markets
Orana House Inc.	SWitCH Warrior Women program
Saibaba Temple Perth Inc	Interior Refurbishment
The School Volunteer Program	Online Training for EdConnect Volunteers
West Australian Symphonic Wind Ensemble	Percussion Upgrade
Youth Futures	Student Resources/ Equipment
Morley Eagles Softball Club	Canteen Upgrade
Bedford Morley Cricket Club	New and Replacement Training Equipment
ANA Rowing Club	New Lightweight Single Scull for Novice Rowers
Bayswater Football Club	New Jerseys and Enrolments for Colts
Maylands Meccano & Hobbies Club	Property Repairs - Weather Sealing
WA Summer Bushfire Appeal	Bushfire Appeal Donation
City of Bayswater Community Art Awards	People's Choice Award Sponsorship
Morley Bowling Club	Family Quiz Night
Bayswater Traders Association	Memberships for Bayswater retailers
Noranda Vibes	Quiz Night Prizes
Lord Mayor's Distress Relief Fund	Cyclone Seroja Appeal Donation
Ellis House Community Art Centre	Schematic Design for New Studio
Baysie Rollers	Art Auction Sponsorship

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

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:

Barry Anthony McKenna

Chairman

Occupation: Teacher

Qualifications, experience and expertise: Councillor for the City of Bayswater since 1991, Barry was the Mayor of the City from October 2015 - October 2017.

Current Committees: Executive Committee (Chair).

Interest in shares: 12,499 ordinary shares

Denise Gail Beer

Deputy Chairperson

Occupation: Retired

Qualifications, experience and expertise: Resident of Morley since 1977. Bachelor of Business in Management and Accounting. Employed in the not for profit sector in a variety of roles from 1985 until 2013. Denise has experience in operational aspects of community sector business including human resources, marketing and promotion, budgeting and compliance and tender writing.

Current Committees: Executive Committee (Deputy Chair)

Interest in shares: 1,000 ordinary shares

Tadeusz Joseph Budzinski

Treasurer

Occupation: Retired

Qualifications, experience and expertise: Retired Director of Finance at the City of Bayswater, a role he held from 1989 to 2012. Ted extended this role to include Aged Care and Child Care facilities. Previous to his career at the City of Bayswater, Ted held various roles specialising in accountancy and financial management in the mining industry, wine industry and at Australia Post as well as being involved in numerous community groups including various chairing roles.

Current Committees: Executive Committee (Company Treasurer)

Interest in shares: 5,001 ordinary shares

Directors (continued)

Michael Stephen Anderton J.P

Secretary

Occupation: Company Director

Qualifications, experience and expertise: Company Director of an insurance services company and past director of community groups and sporting organisations.

Current Committees: Executive Committee (Company Secretary)

Interest in shares: 8,000 ordinary shares

Steven James Brown

Non-executive director

Occupation: Lawyer

Qualifications, experience and expertise: Steven is a lawyer and founder of the law firm Lynn and Brown Lawyers. He has worked as a lawyer at Lynn and Brown Lawyers since 1996. He has been a Director of Bayswater Community Financial Services Limited since 2005. He is the current Chairperson of the Sacred Heart Primary School board and former president and life member of the Morley Business Association.

Current Committees: Stakeholder Engagement Group.

Interest in shares: 3,001 ordinary shares

Gregory Da Rui

Non-executive director

Occupation: Pharmacist

Qualifications, experience and expertise: Chairperson of Bayswater Trader's Association and Branch Committee member of the Pharmacy Guild of Australia WA branch.

Current Committees: Stakeholder Engagement Group

Interest in shares: 4,508 ordinary shares

Alan James Radford

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Retired from Telstra as a Principal Technical Officer after 33 years. Have been running a small computer software and consulting business since 1995 until 2016 and served 5 terms as a Councillor for the City of Bayswater, completed last term in October 2017. Alan is a Community Board member on Noranda Primary School and Hampton Park Primary School, both are independent public schools. At present Alan is on the committee of the Noranda Probus Club and a member of the Noranda Sports Club and Noranda Vibes.

Current Committees: Nil

Interest in shares: 3,000 ordinary shares

Directors (continued)

Louise Anne Rowe

Non-executive director

Occupation: Media and Communications Manager

Qualifications, experience and expertise: I am a media and communications expert with over 20 years' experience as a broadcast journalist and WA State Government media directorships with the Department of Corrective Services and Tourism WA. Currently I am the state media and communications manager for Australian Red Cross Lifeblood and also run Louise Rowe Communications, a communications consultancy with clients from a diverse range of sectors including finance, aged care, state government and tourism.

Current Committees: Stakeholder Engagement Group (Lead).

Interest in shares: 3,000 ordinary shares

Ronald Edwin Gascoigne

Non-executive director (resigned 31 December 2020)

Occupation: Retired

Qualifications, experience and expertise: Formerly a manager of ANZ Bank. Previously a resident of the City of Bayswater for 44 years. Committee member of the Bayswater Amateur Swimming and Life Saving Club from 1961 to 1997. Retired as a Life Member after serving as President for 14 years. Ron served 35 years with the Australian Army Reserve and retired with the rank of Major. Secretary/Treasurer of a not for profit charitable organisation since 2004.

Special responsibilities: Nil

Interest in shares: 20,001 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 Michael Anderton. Michael was appointed to the position of secretary on 1 July 2007.

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 provision for income tax was:

Year ended 30 June 2021 $	Year ended 30 June 2020 $
338,245	170,381

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Barry Anthony McKenna	12,499	-	12,499
Denise Gail Beer	1,000	-	1,000
Tadeusz Joseph Budzinski	5,001	-	5,001
Michael Stephen Anderton J.P	8,000	-	8,000
Steven James Brown	3,001	-	3,001
Gregory Da Rui	4,508	-	4,508
Alan James Radford	3,000	-	3,000
Louise Anne Rowe	3,000	-	3,000
Ronald Edwin Gascoigne	20,001	-	20,001

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	5.70	65,262

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 companies 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 except as disclosed in note 30 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the 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 Attended		Committee Meetings Attended			
			Executive		Shareholder Engagement	
	E	A	E	A	E	A
Barry Anthony McKenna	10	9	9	9	-	-
Denise Gail Beer	10	10	9	9	-	-
Tadeusz Joseph Budzinski	10	9	9	9	-	-
Michael Stephen Anderton J.P	10	10	9	9	-	-
Steven James Brown	10	9	-	-	5	5
Gregory Da Rui	10	9	-	-	5	5
Alan James Radford	10	10	-	-	-	-
Louise Anne Rowe	10	10	-	-	6	6
Ronald Edwin Gascoigne	6	6	-	-	-	-

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 29 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13.

Signed in accordance with a resolution of the directors at Bayswater, Western Australia.

Barry Anthony McKenna,
Chairman

Dated this 6th day of September 2021

Auditor's independence declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Bayswater Community Financial Services Ltd

As lead auditor for the audit of Bayswater Community Financial Services Ltd 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: 6 September 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	2,166,684	2,143,163
Other revenue	9	93,363	153,420
Finance income	10	1,620	1,331
Employee benefit expenses	11e)	(1,132,441)	(1,352,790)
Charitable donations, sponsorship, advertising and promotion	11c)	(382,358)	(89,046)
Occupancy and associated costs		(41,618)	(99,793)
Systems costs		(29,384)	(44,786)
Depreciation and amortisation expense	11a)	(136,145)	(138,834)
Finance costs	11b)	(13,863)	(20,169)
General administration expenses		(185,020)	(238,369)
Fair value gains/(losses) on investments	12	104,400	(100,623)
Profit before income tax expense		445,238	213,504
Income tax expense	13a)	(106,993)	(43,123)
Profit after income tax expense		338,245	170,381
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		338,245	170,381
Earnings per share		¢	¢
- Basic and diluted earnings per share:	32a)	29.54	14.88

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	14	460,478	338,628
Trade and other receivables	16a)	217,115	299,205
Other investments	15a)	314,700	210,300
Total current assets		992,293	848,133
Non-current assets			
Property, plant and equipment	17a)	1,296,163	1,282,530
Right-of-use assets	18a)	115,073	158,103
Intangible assets	19a)	54,905	73,730
Deferred tax asset	20b)	62,337	105,953
Total non-current assets		1,528,478	1,620,316
Total assets		2,520,771	2,468,449
LIABILITIES			
Current liabilities			
Trade and other payables	21a)	77,081	196,650
Current tax liabilities	20a)	27,768	14,252
Loans and borrowings	22a)	103	101
Lease liabilities	23a)	39,118	121,600
Employee benefits	24a)	196,602	201,114
Total current liabilities		340,672	533,717
Non-current liabilities			
Lease liabilities	23b)	138,302	173,399
Employee benefits	24b)	21,138	13,657
Total non-current liabilities		159,440	187,056
Total liabilities		500,112	720,773
Net assets		2,020,659	1,747,676
EQUITY			
Issued capital	25a)	1,103,852	1,103,852
Retained earnings	26	916,807	643,824
Total equity		2,020,659	1,747,676

The accompanying notes form part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2019		1,103,852	551,873	1,655,725
Total comprehensive income for the year		-	170,381	170,381
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	31a)	-	(78,430)	(78,430)
Balance at 30 June 2020		**1,103,852**	**643,824**	**1,747,676**
Balance at 1 July 2020		1,103,852	643,824	1,747,676
Total comprehensive income for the year		-	338,245	338,245
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	31a)	-	(65,262)	(65,262)
Balance at 30 June 2021		**1,103,852**	**916,807**	**2,020,659**

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		2,542,312	2,407,499
Payments to suppliers and employees		(2,025,657)	(2,062,025)
Interest received		1,240	1,266
Interest paid		-	(1,769)
Lease payments (interest component)	11b)	(13,860)	(18,401)
Lease payments not included in the measurement of lease liabilities	11f)	(12,646)	(10,498)
Dividends received		8,400	13,200
Income taxes paid		(49,860)	(71,172)
Net cash provided by operating activities	27	449,929	258,100
Cash flows from investing activities			
Payments for property, plant and equipment		(79,468)	(7,700)
Proceeds from sale of assets		19,545	5,917
Payments for intangible assets		(65,406)	(11,830)
Net cash used in investing activities		(125,329)	(13,613)
Cash flows from financing activities			
Repayment of loans and borrowings		-	(692,499)
Lease payments (principal component)		(137,488)	(115,476)
Dividends paid	31a)	(65,262)	(78,430)
Net cash used in financing activities		(202,750)	(886,405)
Net cash increase/(decrease) in cash held		121,850	(641,918)
Cash and cash equivalents at the beginning of the financial year		338,628	980,546
Cash and cash equivalents at the end of the financial year	14	460,478	338,628

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

Registered Office	Principal Place of Business
14 King William Street Bayswater WA 6053	14 King William Street Bayswater WA 6053

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 30.

Note 2 Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis, except for financial instruments and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 6 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also).

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.

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

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

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

All revenue is stated net of the amount of 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.

Note 4 Summary of significant accounting policies *(continued)*

a) Revenue from contracts with customers *(continued)*

Ability to change financial return

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

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

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

b) Other revenue

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

Revenue	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.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Sale of assets	Revenue from the sale of assets is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions

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

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

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

Note 4 Summary of significant accounting policies *(continued)*

b) Other revenue *(continued)*

Cash flow boost

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

Note 4 Summary of significant accounting policies *(continued)*

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Note 4 Summary of significant accounting policies *(continued)*

e) Taxes *(continued)*

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	5 to 20 years
Plant and equipment	Straight-line and diminishing value	2.5 to 40 years
Motor vehicles	Diminishing value	4 years

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

h) Intangible assets

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

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

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

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

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term
Franchise renewal process fee	Straight-line	Over the franchise term

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

Note 4 Summary of significant accounting policies *(continued)*

i) Financial instruments

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

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

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

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

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

Non-financial assets

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

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

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.

Note 4 Summary of significant accounting policies *(continued)*

l) Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

Rent concessions

In response to the COVID-19 coronavirus pandemic, many lessors offered lessees various concessions. *AASB 16: Leases* allows lessees not to account for rent concessions as lease re-assessments if they are a direct consequence of COVID-19 and meet certain conditions. Instead these rent concessions are recognised through other revenue and offset against 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.

Note 4 Summary of significant accounting policies *(continued)*

m) Fair value measurement

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

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

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

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 20 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - fair value	determining the fair value less costs to sell of the disposal group on the basis of quoted market price at the close of business at the end of the reporting period.
- Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 24 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;

Note 6 Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

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

The company maintains the following lines of credit with Bendigo Bank:

- $600,000 commercial loan with available redraw facility of $580,657 at the end of the financial year.

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
Bank loans	103	103	-	-
Lease liabilities	177,420	47,500	150,417	-
Trade and other payables	77,081	77,081	-	-
	254,604	124,684	150,417	-

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
Bank loans	101	101	-	-
Lease liabilities	294,999	133,877	183,772	6,325
Trade and other payables	196,650	196,650	-	-
	491,750	330,628	183,772	6,325

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

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

Sensitivity analysis - equity price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX) .

	2021 $		2020 $	
	10% increase	10% decrease	10% increase	10% decrease
Equity securities	31,470	(31,470)	21,030	(21,030)

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $460,478 at 30 June 2021 (2020: $338,628). 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

(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	1,975,423	1,932,585
- Fee income	107,275	127,346
- Commission income	83,986	83,232
	2,166,684	2,143,163

Note 9 Other revenue

	2021 $	2020 $
- Rental income	34,878	11,975
- Dividend and distribution income	8,400	13,200
- Market development fund income	-	30,833
- Cash flow boost	37,500	62,500
- Sale of assets	2,211	5,917
- Other income	91	2,008
- COVID 19 grant and rent relief	10,283	26,987
	93,363	153,420

Note 10 Finance income

	2021 $	2020 $
- Term deposits	1,620	1,331

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	21,414	2,643
- Plant and equipment	13,747	32,139
- Motor vehicles	13,262	12,710
	48,423	47,492
Depreciation of right-of-use assets		
- Leased land and buildings	68,897	66,116
	68,897	66,116
Amortisation of intangible assets:		
- Franchise fee	8,751	13,556
- Franchise renewal process fee	10,074	11,670
	18,825	25,226
Total depreciation and amortisation expense	136,145	138,834

b) Finance costs

	2021 $	2020 $
- Bank loan interest paid or accrued	3	1,768
- Lease interest expense	13,860	18,401
	13,863	20,169

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

Note 11 Expenses *(continued)*

c) Charitable donations, sponsorship, advertising and promotion

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

	Note	2021 $	2020 $
- Direct sponsorship, advertising, and promotion payments		32,358	39,046
- Contribution to the Community Enterprise Foundation™ (CEF)	11d)	350,000	50,000
		382,358	89,046

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

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

d) Community Enterprise Foundation™ contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations and sponsorship expenditure included in profit or loss.

Disaggregation of CEF funds	Note	2021 $	2020 $
Opening balance		295,198	343,019
Contributions paid in	11c)	350,000	50,000
Grants paid out		(89,988)	(99,100)
Interest received		1,814	3,779
Management fees incurred		(17,498)	(2,500)
Balance available for distribution		539,526	295,198

e) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	925,327	1,077,848
Non-cash benefits	17,758	17,044
Contributions to defined contribution plans	92,035	107,910
Expenses related to long service leave	(844)	14,622
Other expenses	98,165	135,366
	1,132,441	1,352,790

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 under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

	2021 $	2020 $
Expenses relating to low-value leases	12,646	10,498

Note 12 Fair value gains/(losses) on investments

	2021 $	2020 $
- At FVTPL - equity instruments	104,400	(100,623)

These amounts relate to the increase and decrease in the market value of investments held by the company.

Note 13 Income tax expense

a) Amounts recognised in profit or loss	2021 $	2020 $
Current tax expense/(credit)		
- Current tax	66,976	55,876
- Net benefit of franking credits on dividends received	(3,600)	(5,657)
- Movement in deferred tax	41,124	(64,430)
- Adjustment to deferred tax on AASB 16 retrospective application	-	51,221
- Reduction in company tax rate	2,493	6,113
	106,993	43,123

b) *Prima facie* income tax reconciliation

Operating profit before taxation	445,238	213,504
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	115,762	58,714
Tax effect of:		
- Non-deductible expenses	1,152	199
- Temporary differences	(41,124)	13,210
- Other assessable income	(8,814)	(16,247)
- Movement in deferred tax	41,124	(64,430)
- Net benefit of franking credits on distributions received	(3,600)	(5,657)
- Leases initial recognition	-	51,221
- Reduction in company tax rate	2,493	6,113
	106,993	43,123

Note 14 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	210,478	188,628
- Term deposits	250,000	150,000
	460,478	338,628

Note 15 Other investments

a) Current investments	2021 $	2020 $
Equity securities - at FVTPL	314,700	210,300

Note 16 Trade and other receivables

a) Current assets	2021 $	2020 $
Trade receivables	186,122	252,647
Prepayments	14,545	28,993
Other receivables and accruals	16,448	17,565
	217,115	299,205

Note 17 Property, plant and equipment

a) Carrying amounts	2021 $	2020 $
Land and buildings		
At cost	963,634	963,634
Leasehold improvements		
At cost	589,725	567,442
Less: accumulated depreciation	(349,116)	(327,702)
	240,609	239,740
Plant and equipment		
At cost	239,416	224,624
Less: accumulated depreciation	(196,624)	(183,593)
	42,792	41,031
Motor vehicles		
At cost	70,195	72,498
Less: accumulated depreciation	(21,067)	(34,373)
	49,128	38,125
Total written down amount	1,296,163	1,282,530

b) Reconciliation of carrying amounts	2021 $	2020 $
Land and buildings		
Carrying amount at beginning	963,634	963,634
Leasehold improvements		
Carrying amount at beginning	239,740	272,506
Additions	22,283	-
Disposals	-	(28,292)
Depreciation	(21,414)	(2,643)
Transferred out - at cost	-	(27,034)
Transferred out - at accumulated depreciation	-	25,203
	240,609	239,740
Plant and equipment		
Carrying amount at beginning	41,031	50,092
Additions	17,859	1,783
Disposals	(2,351)	-
Depreciation	(13,747)	(12,675)
Transferred in - at cost	-	27,034
Transferred in - at accumulated depreciation	-	(25,203)
	42,792	41,031

Note 17 Property, plant and equipment *(continued)*

b) Reconciliation of carrying amounts *(continued)*

	2021 $	2020 $
Motor vehicles		
Carrying amount at beginning	38,125	50,835
Additions	39,372	-
Disposals	(15,107)	-
Depreciation	(13,262)	(12,710)
	49,128	38,125
Total written down amount	1,296,163	1,282,530

c) Changes in estimates

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

Note 18 Right-of-use assets

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	514,222	1,310,000
Less: accumulated depreciation	(399,149)	(1,151,897)
Total written down amount	115,073	158,103

b) Reconciliation of carrying amounts

	2021 $	2020 $
Leased land and buildings		
Carrying amount at beginning	158,103	-
Initial recognition on transition	-	1,320,450
Accumulated depreciation on adoption	-	(1,085,781)
Remeasurement adjustments	30,191	(10,450)
Disposals	(4,324)	-
Depreciation	(68,897)	(66,116)
Total written down amount	115,073	158,103

Note 19 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	178,682	178,682
Less: accumulated amortisation	(168,208)	(159,457)
	10,474	19,225
Renewal processing fee (Bayswater)		
At cost	54,505	54,505
Less: accumulated amortisation	(10,074)	-
	44,431	54,505
Total written down amount	54,905	73,730

b) Reconciliation of carrying amounts

	2021	2020
Franchise fee		
Carrying amount at beginning	19,225	21,880
Additions	-	10,901
Amortisation	(8,751)	(13,556)
	10,474	19,225
Renewal processing fee (Bayswater)		
Carrying amount at beginning	54,505	-
Additions	-	54,505
Amortisation	(10,074)	-
	44,431	54,505
Renewal processing fee (Noranda)		
Carrying amount at beginning	-	68,847
Disposals	-	(57,177)
Amortisation	-	(11,670)
	-	-
Total written down amount	54,905	73,730

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 20 Tax assets and liabilities

a) Current tax

	2021 $	2020 $
Income tax payable	27,768	14,252

b) Deferred tax

	2021	2020
Deferred tax assets		
- expense accruals	775	780
- employee provisions	54,435	55,840
- lease liability	44,355	76,700
- fair value of investments	-	25,845
Total deferred tax assets	99,565	159,165
Deferred tax liabilities		
- income accruals	303	4,567
- deductible prepayments	3,319	7,538
- fair value of investments	1,249	-
- property, plant and equipment	3,589	-
- right-of-use assets	28,768	41,107
Total deferred tax liabilities	37,228	53,212
Net deferred tax assets (liabilities)	62,337	105,953
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	43,616	7,096
Movement in deferred tax charged to Statement of Changes in Equity	-	51,221

Note 21 Trade creditors and other payables

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

a) Current liabilities

	2021 $	2020 $
Trade creditors	8,537	38,451
Other creditors and accruals	68,544	158,199
	77,081	196,650

Note 22 Loans and borrowings

a) Current liabilities

	2021 $	2020 $
Secured bank loans	103	101

b) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021 Face value	30 June 2021 Carrying value	30 June 2020 Face value	30 June 2020 Carrying value
Secured bank loans	2.49%	Floating	103	103	101	101

Note 23 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5.06%.

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

Lease portfolio

The company's lease portfolio includes:

- Bayswater Branch — The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in September 2010. Extension option terms of 5 years were exercised in September 2015 and 2020. As such, the lease term end date used in the calculation of the lease liability is September 2025.
- Noranda Branch — The lease agreement is a non-cancellable lease with an initial term of 2 years which commenced in October 2019. During the previous period the company closed its Noranda branch, however it continued to pay rent until the lease agreement could be terminated. The company negotiated with the lessor to surrender the lease in May 2021 to pay the remaining lease payments in a lump sum. The lessor agreed to a one month discount under this arrangement.

a) Current lease liabilities

	2021 $	2020 $
Property lease liabilities	47,500	133,877
Unexpired interest	(8,382)	(12,277)
	39,118	121,600

b) Non-current lease liabilities

	2021 $	2020 $
Property lease liabilities	150,417	190,097
Unexpired interest	(12,115)	(16,698)
	138,302	173,399

c) Reconciliation of lease liabilities

	2021 $	2020 $
Balance at the beginning	294,999	-
Initial recognition on AASB 16 transition	-	420,927
Remeasurement adjustments	30,192	(10,452)
Lease interest expense	13,860	18,401
Lease payments - total cash outflow	(151,348)	(133,877)
Rent concessions	(10,283)	-
	177,420	294,999

d) Maturity analysis

	2021 $	2020 $
- Not later than 12 months	47,500	133,877
- Between 12 months and 5 years	150,417	183,772
- Greater than 5 years	-	6,325
Total undiscounted lease payments	197,917	323,974
Unexpired interest	(20,497)	(28,975)
Present value of lease liabilities	177,420	294,999

Note 24 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	105,187	101,374
Provision for long service leave	91,415	99,740
	196,602	201,114

b) Non-current liabilities

Provision for long service leave	21,138	13,657

c) Key judgement and assumptions

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

Note 25 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	1,144,952	1,144,952	1,144,952	1,144,952
Less: equity raising costs	-	(6,100)	-	(6,100)
Less: return of capital	-	(35,000)	-	(35,000)
	1,144,952	1,103,852	1,144,952	1,103,852

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Note 25 Issued capital *(continued)*

b) Rights attached to issued capital *(continued)*

Ordinary shares (continued)

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").

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

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

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

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

Note 26 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		643,824	686,910
Adjustment for transition to AASB 16		-	(135,037)
Net profit after tax from ordinary activities		338,245	170,381
Dividends provided for or paid	31a)	(65,262)	(78,430)
Balance at end of reporting period		916,807	643,824

Note 27 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	338,245	170,381
Adjustments for:		
- Depreciation	117,320	113,608
- Amortisation	18,825	25,226
- (profit)/loss on disposal of assets	(2,133)	8,828
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	(104,400)	21,300
- rent concessions received	(10,283)	-
- (profit)/loss on disposal of right-of-use assets	4,324	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	82,090	(84,670)
- (Increase)/decrease in other assets	43,617	(7,097)
- Increase/(decrease) in trade and other payables	(54,161)	24,531
- Increase/(decrease) in employee benefits	2,969	6,946
- Increase/(decrease) in tax liabilities	13,516	(20,953)
Net cash flows provided by operating activities	449,929	258,100

Note 28 Financial instruments - fair value

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

		Carrying amount				Fair value level	
		2021 $	2021 $	2020 $	2020 $	2021 $	2020 $
	Note	FVTPL	At amortised cost	FVTPL	At amortised cost	Level 1	Level 1
Financial assets measured at fair value:							
Equity securities	15	314,700	-	210,300	-	314,700	210,300
Financial assets not measured at fair value:							
Trade and other receivables	16	-	217,115	-	274,002	-	-
Cash and cash equivalents	14	-	210,478	-	188,628	-	-
Term deposits	14	-	250,000	-	150,000	-	-
		-	677,593	-	612,630	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	21	-	77,081	-	196,650	-	-
Secured bank loans	22	-	103	-	101	-	-
		-	77,184	-	196,751	-	-

Note 29 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	4,800
Non audit services		
- Taxation advice and tax compliance services	600	600
- General advisory services	4,010	3,849
- Share registry services	10,684	3,958
Total auditor's remuneration	20,294	13,207

Note 30 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Barry Anthony McKenna
Denise Gail Beer
Tadeusz Joseph Budzinski
Michael Stephen Anderton J.P
Steven James Brown
Gregory Da Rui
Alan James Radford
Louise Anne Rowe
Ronald Edwin Gascoigne

b) Key management personnel compensation

Key management personnel compensation comprised the following.	2021 $	2020 $
Short-term employee benefits	73,550	86,325
Post-employment benefits	5,816	6,740
	79,366	93,065

Compensation of the company's key management personnel includes salaries, allowances and contributions to a post-employment defined contribution plan.

b) Key management personnel compensation

Remuneration Policy

The remuneration policy of the company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company’s financial results. The board of the company believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between Directors, Executives and shareholders.

Note 30 Related parties *(continued)*

b) Key management personnel compensation *(continued)*

Remuneration Policy (continued)

The board's policy for determining the nature and amount of remuneration for key management personnel of the company is as follows:

- The remuneration policy, setting the terms and conditions for the
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), and superannuation.
- The board reviews key management personnel packages annually by reference to the company's performance, Executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed annually with each Executive and is based predominantly on the forecast growth of the company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives and bonuses, which must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of Executives and reward them for performance that results in long-term growth in shareholder wealth.

The key management personnel receive a superannuation guarantee contribution required by the government, which is currently 10% as of 1 July 2021, and do not receive any other retirement benefits. Some individuals may have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

Performance-based remuneration

As part of each key management personnel's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with key management personnel to ensure buy-in. The measures are specifically tailored to the areas each key management personnel is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for Company expansion and profit, covering financial and non-financial as well as short- and long-term goals. The level set for each KPI is based on budgeted figures for the company and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the company's goals and shareholder wealth, before the KPIs are set for the following year.

Note 30 Related parties *(continued)*

b) Key management personnel compensation *(continued)*

Performance-based remuneration (continued)

In determining whether or not a KPI has been achieved, the company bases the assessment on audited figures.

Company performance, shareholder wealth and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and Executives. The method applied in achieving this aim is a performance based bonus based on KPIs. The company believes this policy to have been effective in increasing shareholder wealth over the past years.

Year	Revenue	Net Profit
2011	2,153,329	273,715
2012	2,223,076	244,427
2013	2,164,223	163,653
2014	2,037,216	106,036
2015	2,020,216	3,163
2016	2,019,635	72,754
2017	2,120,420	65,432
2018	2,193,804	76,699
2019	2,227,728	133,177
2020	2,297,914	170,381
2021	2,261,667	338,245

Key management personnel remuneration policy

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

The employment conditions of the key management personnel are formalised in contracts of employment. All Executives are permanent employees of the company.

The employment contracts stipulate a resignation period. The company may terminate an employment contract without cause by providing appropriate written notice or making payment in lieu of notice, based on the individual's annual salary component together with a redundancy payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

Performance income as a proportion of total remuneration

Executives are paid performance based bonuses based on set monetary figures, rather than proportions of their salary. This has led to the proportions of remuneration related to performance varying between individuals. The board has set these bonuses to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the company.

The board will review the performance bonuses to gauge their effectiveness against achievement of the set goals, and adjust future years' incentives as they see fit to ensure use of the most cost effective and efficient methods.

Note 30 Related parties *(continued)*

c) Related party transactions

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

Transactions with related parties	2021 $	2020 $
- Louise Anne Rowe and her company, Louise Rowe Communications, undertakes PR and communications services for the company. The total benefit received was:	8,616	13,320
- Greg Da Rui supplied Flu vaccinations and supplies for COVID protection. The total benefit received was:	66	395
- Steven Brown supplied legal service (Lyn & Brown Lawyers). The total benefit received was:	6,375	2,000
Total transactions with related parties	15,057	15,715

Note 31 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 cash flows and statement of changes of equity.

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	5.70	65,262	6.85	78,430

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

b) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	483,616	430,536
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	47,843	44,616
- Franking credits from the payment of income tax following lodgement of annual income tax	2,017	32,556
- Franking credits from franked dividends received	3,600	5,657
- Franking debits from the payment of franked distributions	(22,930)	(29,749)
Franking account balance at the end of the financial year	514,146	483,616
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	27,768	14,252
Franking credits available for future reporting periods	541,914	497,868

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 32 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	338,245	170,381
	Number	Number
Weighted-average number of ordinary shares	1,144,952	1,144,952
	Cents	Cents
Basic and diluted earnings per share	29.54	14.88

Note 33 Commitments

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

Note 34 Contingencies

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

Note 35 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 Bayswater Community Financial Services Limited, we state that:

In the opinion of the directors:

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

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

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

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

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

Barry Anthony McKenna, Chairman

Dated this 6th day of September 2021

Partners in success
Chartered Accountants

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Independent auditor's report to the Directors of Bayswater Community Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bayswater Community Financial Services Ltd'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 Bayswater Community Financial Services Ltd, 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.

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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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: 6 September 2021

Joshua Griffin
Lead Auditor

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