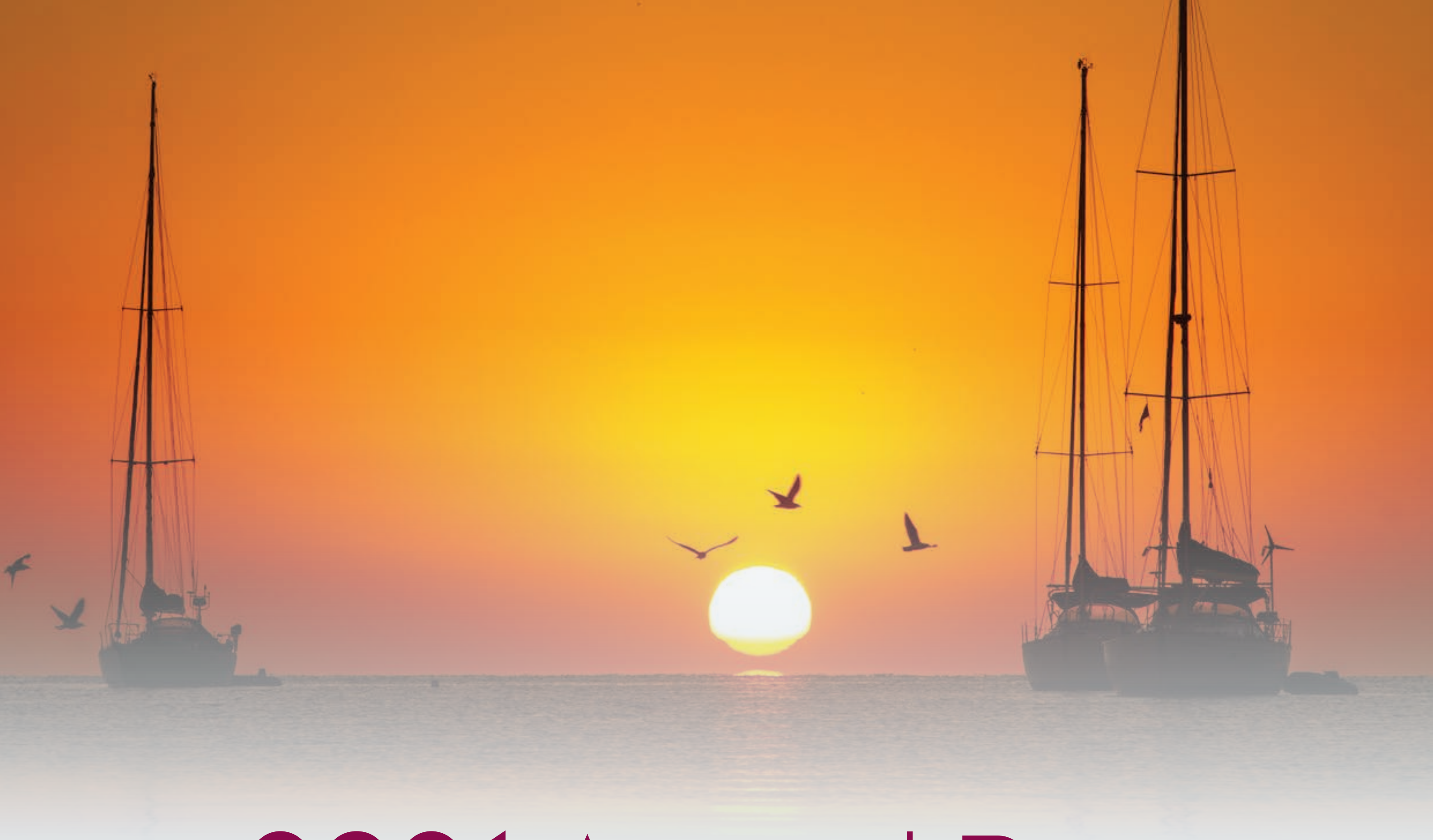

2021 Annual Report

Bellarine Peninsula Community Branch Limited

ABN 33 089 107 657

Community Bank · Portarlington and Drysdale

Contents

Chairperson's report

For year ending 30 June 2021

I am extremely proud to present to our shareholders my report for the 2020/21 financial year for the Bellarine Peninsula Community Branch Limited.

Our result for the year was a profit after income tax of $74,042. Despite a growth in overall holdings, and in particular our deposit base, revenue was down 15 percent compared to 2021. This was mainly due to the current cycle of low interest rates and the impacts of competition between the banks which resulted in a squeeze on margin income (the difference between loan and deposit interest rates). Expenditure included a one-off impairment for goodwill associated with the original setup of Community Bank Drysdale of $106,478. Excluding this, expenditure fell when compared to the previous financial period.

Dividend history		
2003	dividend paid	5 cents
2004	dividend paid	7 cents
2005	dividend paid	8 cents
2006	dividend paid	9 cents
2007	dividend paid	9 cents
2008	dividend paid	9 cents
2009	bonus share given to existing shareholders of 2 for 1	
2010	dividend paid	4 cents
2011	dividend paid	8 cents
2012	dividend paid	8 cents
2013	dividend paid	8 cents
2014	dividend paid	7 cents
2015	dividend paid	4 cents
2016	dividend paid	5 cents
2017	dividend paid	6 cents
2018	dividend paid	6 cents
2019	dividend paid	6.5 cents
2020	dividend paid	5 cents

Whilst this was a significant decrease from the record profit recorded in 2021 it is still a significant result in the COVID-19 environment which would not have been achieved without the hard work of all our team.

This year in accordance with our Franchise Agreement with Bendigo and Adelaide Bank we are pleased to recommend to shareholders a 5.0 cent dividend which is the same as that recommended in 2020.

The Board has recognised for some time that we had outgrown our existing premises at Drysdale and made a decision during the year to invest in our own building.

Settlement of the property was made in July and building has commenced shortly after with an October completion date. The footprint of the new building is large and can cater for a range of community services including a free retail pop-up space, space for community events and meetings as well as a dedicated space for aspiring local artists to showcase their work throughout the year.

I encourage all customers and shareholders to come and see what is a contemporary and state-of-the-art branch that will provide great benefit to the community for years to come.

The impact of COVID-19 made it difficult to manage our community support as sports shut down and community events such as the Mussel Festival were cancelled. Support was still provided to a number of community groups throughout the year. With the restrictions on movement within Victoria being gradually lifted we can look forward to resuming our relationships with the clubs, associations and groups that make the Bellarine great.

As in the past I must thank my fellow Directors who provide their time and expertise to this company free of charge. All are passionate about our community and truly understand the benefits that this company provides to our local area. Unfortunately, since the end of June we have had to farewell three of our Directors. Paul, Belinda and

Chairperson's report (continued)

Rebecca have been on the Board for some time and in the case of Paul since the commencement of Community Bank Drysdale. All have made a significant contribution and your support, expertise and knowledge of the community will be sorely missed.

We have been fortunate however in that we are in the process or have appointed a number of new Directors. Philip Volk and Jesse Papak have recently been appointed as Directors and Jenny King as an Associate Director. All have already commenced in making a significant contribution to the workings of the Board.

Without the valued contribution of our staff, we would not be where we are as a Community Bank. Our staff have continued to operate with the utmost professionalism throughout this difficult period and I would like to thank the team led by Chris Niven and supported by Nathan Warren at Drysdale and Tansy Collins at Portarlington. The efforts of Nathan and Tansy and their respective teams are greatly appreciated by the Bellarine Peninsula Community Branch Limited Board.

We have also been fortunate to have the appointment of Mark Cunneen as the Regional Manager of Bellarine & Surfcoast. Mark has already demonstrated his selflessness in being available and responsive to requests that are made by our branch, and we look forward to working closely with him into the future.

Finally, to all our shareholders and to Bendigo and Adelaide Bank we send a significant vote of thanks. Your initial commitment to the Community Bank concept has allowed this company to grow. Your continued support and advocacy are invaluable.

Stephen Wight
Chairperson

Manager's report

For year ending 30 June 2021

In extraordinary and unique times for us all, we are pleased to report that your Community Bank Portarlington and Drysdale has achieved another successful year. Despite another year of separation and numerous COVID-19 lockdowns, we have managed strong growth in the business and a solid profit in a low margin environment.

In this year of disconnection, we have managed to again support over fifty of our wonderful local organisations, an extraordinary effort. This support covers a wide variety of categories from sport and recreation, education and research, health and wellbeing including mental health, community facilities and arts, culture, and heritage.

Our vision is to be the Bellarine's bank of choice and our purpose is to feed into and encourage local prosperity. In reviewing our support back to the community this year, we are proudly confident that we are having a significantly positive impact in this vital space.

We are extremely excited with the progress of our new, state-of-the-art, contemporary branch in Drysdale. It is currently being fitted out and it will be completed in November. This is another amazing example of our ongoing investment back into the Bellarine community. The magnificent new site will feature a unique retail pop up shop for local business, support to local artists, easy access and much more. Hope to see you there.

Bendigo Bank is known throughout Australia for its amazing Community Bank model and since 1998, Community Banks have now contributed more than $270 million to communities right across the national network.

This profit share contribution would not be possible without the support of our shareholders and loyal customers. Thank you again from all of us, this support is vital to the future sustainability and growth of your Community Bank. We encourage you to assist us with our local advocacy efforts and of course, you are welcome to introduce family, friends, and your network contacts to us.

Our customers are at the heart of what we do and in what has been such a challenging time, our staff have been there every day, every week, every month to assist. A huge thank you to our amazing staff for the essential and brilliant work that you do, you are much loved in our local communities.

Thanks to Nathan Warren, Tansy Collins and Emma Miceli for your invaluable support this year in our Leadership Team, it has been quite a journey.

Special thanks again to our business partners the Portarlington Business Development Association, Drysdale Soccer Club and Stockdale & Leggo Real Estate. We greatly appreciate your support and collaboration.

Thanks also to Adam Tribe from The Tribe who has produced our amazing videos during the year again. It has been a disrupted year in terms of planning but keep a look out for some stunning new clips coming soon so you can keep up-to-date and connected on our Facebook page and Instagram.

Finally, a special note of thanks to our amazing Board. We are fortunate to have a group of Directors who are so dedicated, community-minded and provide their time, skills, and expertise for the benefit of the Community Bank and the local communities within which we operate.

Chris Niven
Senior Manager

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

Sponsorships and grants

Sponsorships 2020/21

St Leonards Bowls Club	Port Business Development Association
Port Demons Football/Netball	North Bellarine Art Trail
Student Awards	Drysdale Cricket Club
Nth Bellarine Film Festival	Springdale Neighbourhood Centre
Port Bowls Club	Portarlington Miniature Railway
Breakfast Club Port Primary School	L 2 P Car & driver learning program
Indented Heads Yacht Club	Ivan Kemp Photo Exhibition
Samaritan House	Mentor Program Festival of Glass
Bellarine Quilters	Drysdale Tennis Club
Portarlington Tennis	Fresh Fruit Friday Drysdale Primary
Drysdale Football/Netball	Portarlington Food Relief Program
Peninsula Little Athletics	Drysdale Food Relief Program
Bellarine Bears	Sunset Run
Christmas Family Support Gifts	Rotary Club Drysdale-Art Show
Clifton Springs Bowls Club	Clifton Springs Tennis Club
St Johns Ambulance	St Leonards Primary School

Grants 2020/21

Grant detail	Amount
Lion's Village Security Surveillance System	$5,384
Student Scholarships x 3 students	$3,000
Defibrillator – Community use	$2,110
Purchase of New Vehicle for Learner Driving Program	$20,000

Directors' report

For the financial year ended 30 June 2021

Your Directors submit the financial report of the Company for the financial year ended 30 June 2021.

Directors

The following persons held office as Directors at any time during or since the end of the financial year:

Stephen Wight	Paul Jones
Kerry Trewin	Sandra Baldwin
Belinda Harvey	Robert Barker
Rebecca Smith	

Company Secretary

The Company Secretary is Sandra Baldwin. Sandra was appointed to the position of secretary on 19 January 2009.

Principal activities and significant changes in nature of activities

The principal activities of the Company during the course of the financial year were facilitating the Community Bank services under management rights to operate two franchised branches of Bendigo & Adelaide Bank Ltd.

There were no significant changes in the nature of principal activities during the financial year.

Operating result and review of operations

The net result of the Company for the year after providing for income tax was a profit of $74,042.

There was no significant change in operations during the period with the asset base of both branches continuing to grow. Despite the growth, low interest rates combined with changes made to the profit share model with Bendigo & Adelaide Bank Ltd has resulted in a reduction in revenue.

Financial position

The Company's net assets have decreased to $1,396,873 at the end of the financial year compared to $1,405,653 for the previous year. The Company's current asset ratio is 6.54, indicating a sound financial position.

Significant changes in state of affairs

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

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

Dividends

Dividends paid or declared for payment during the financial year are as follows:

- Ordinary fully franked dividend of 5 cents per share paid on 1 December 2020.

Matters subsequent to the end of the financial year

During the reporting period the company entered into a contract of sale to purchase a property to be constructed for the purpose of relocating the Drysdale Community Bank branch. An amount of $997,597 was due on settlement of the contract, which took place in July 2021. The settlement amount was partly funded through a finance arrangement with Bendigo Bank for an amount of $805,000.

Future development

The Directors are not aware of any specific development likely to have a significant effect on the operations of the Company or the expected results of those operations.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Director and Auditor indemnification

The Company has indemnified all Directors and Auditors in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors of the Company except where the liability arises out of conduct involving 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.

Share options

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the date of this report.

Proceedings

No person had applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration report

The Board is responsible for the determination of remuneration packages and policies applicable to the manager of each branch and all the staff. The managers are invited to the Board meeting as required to discuss performance and remuneration packages.

The managers are paid a base salary, which is between $90,000 and $110,000 plus superannuation. In addition, each manager receives a bonus if the Company exceeds the performance criteria established by the Board.

Sandra Baldwin received payment for services performed in a role as 'Executive Officer' including, but not limited to, community and public relations, corporate affairs administration, accounts liaison and other Company Secretarial duties. During the 2021 financial year Sandra was paid $29,333 (2020 $26,464).

No Directors' remuneration has been paid as the positions are held on a voluntary basis.

The Bellarine Peninsula Community Branch Ltd has accepted the Community Bank Directors Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the Bellarine Peninsula Community Branch Ltd. There is no requirement to own BEN shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders.

Directors’ report (continued)

Information on Directors

The Director responsible in office at the date of this report together with their qualifications, experience, special responsibilities, and shareholdings are:

Stephen Wight – Chair

Chartered Accountant

Registered Company Auditor

Director of Davidsons accounting practice based in Geelong and Melbourne

Member of the Institute of Chartered Accountants Australia and New Zealand

Involvement in public and not for profit organisations

Geelong resident

Shares Held: Nil

Robert Barker – Co-Vice Chair

Retired

Career in IT and Technology within the Banking & Finance Industries

Involved in Local Sporting groups

St. Leonards resident

Shares Held: Nil

Rebecca Smith – Co-Vice Chair

Regional Manager for Home Care Program

Registered Nurse

Previous member of Health & Disability services boards

Involved in local sporting groups

Experience in Strategic, Operational & Risk Management

Drysdale resident

Shares Held: Nil

Sandra Baldwin – Company Secretary

Cert. Governance Practice

Member of the Steering committee of the Drysdale

Branch for Bellarine Peninsula Community Branch

Local resident for 34 years

Bannockburn resident

Shares Held: 1,000

Paul Jones – Director

Retired Trade Teacher

Self-employed Domestic Builder 35 years

Involved in community organisations

Member of the Steering committee of the Drysdale

Branch for the Bellarine Peninsula Community Branch

Drysdale resident

Shares Held: 2,000

Information on Directors (continued)

Kerry Trewin – Director

Director of Cosmetic Clinic in Geelong and Melbourne
Member of Portarlington Business Association
Involved in community organisations
Portarlington Resident
Shares Held: 1,500

Belinda Harvey – Director

Osteopath
Owner of Allied Health Clinics in Drysdale and Leopold
Life Member of Portarlington Demons Football Netball Club
Member of Portarlington Cricket Club
Drysdale resident
Shares Held: Nil

Meeting attendance July 2020 to June 2021

Director	27 July 2020	24 August 2020	28 September 2020	26 October 2020	23 November 2020	1 February 2021	22 February 2021	29 March 2021	26 April 2021	31 May 2021	28 June 2021
Stephen Wight	P	P	P	P	P	A	P	P	A	P	L
Robert Barker	P	P	P	L	L	P	P	P	P	L	L
Rebecca Smith	P	P	P	P	P	P	P	P	P	P	A
Sandra Baldwin	P	P	P	P	P	P	P	P	P	P	P
Paul Jones	P	P	P	P	P	A	P	P	L	P	P
Kerry Trewin	P	P	P	P	P	P	P	L	P	P	P
Belinda Harvey	P	P	P	P	P	P	P	A	P	P	P

Key to Symbols

P Present
A Apology
L Leave
R Retired
C Cancelled

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of the Board of Directors

Stephen Wight

Stephen Wight
Chairperson

Auditor’s independence declaration

AFS
Partners in success
Chartered Accountants

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 Bellarine Peninsula Community Branch Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 30 September 2021

Joshua Griffin
Lead Auditor

Financial statements

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

	Notes	2021 $	2020 $
Revenue from Contracts with Customers	6	1,688,269	1,940,934
Other Revenue	7	31,321	67,724
Finance Income	8	3,854	12,416
Total revenue		**1,723,444**	**2,021,074**
Employee Benefits		1,000,292	1,020,933
Information Technology Expenses		81,463	81,924
Depreciation and Amortisation	9(a)	100,205	97,693
Impairment	17(b)	106,478	-
Finance Costs	9(b)	11,007	14,603
Property Expenses		54,497	54,398
Professional Fees		49,150	47,565
Insurance		28,587	28,044
Administration Expenses		101,253	115,239
Other expenses From Ordinary Activities		26,335	45,516
Total expenses from ordinary activities		**1,559,267**	**1,505,915**
Operating profit before charitable donations and sponsorship		**164,177**	**515,159**
Donations and Sponsorship	9(c)	36,376	122,080
Profit before income tax credit		**127,801**	**393,079**
Income Tax Expense	10	53,759	108,595
Profit after income tax credit		**74,042**	**284,484**
Other comprehensive income			
Available-for-sale Revaluation Surplus/(Loss) Recognised		(2,893)	(2,893)
Total other comprehensive income		**(2,893)**	**(2,893)**
COMPREHENSIVE RESULT FOR THE YEAR		**71,149**	**281,591**
Earnings per Share (cents per share)			
Basic Earnings per share	30	4.63	17.80
Diluted Earnings per share	30	4.63	17.80

This statement should be read in conjunction with the accompanying notes

Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	11	901,549	1,030,404
Receivables	12	99,771	111,862
Total Current Assets		**1,001,320**	**1,142,266**
Non-Current Assets			
Other Financial Assets	13	19,286	22,179
Deferred Tax Assets	14	37,821	44,285
Property, Plant, Equipment	15	443,427	309,175
Right-of-use assets	16	110,360	146,248
Intangible Assets	17	67,007	199,861
Total Non-Current Assets		**677,902**	**721,748**
TOTAL ASSETS		**1,679,221**	**1,864,014**
LIABILITIES			
Current Liabilities			
Payables	18	20,409	46,756
Lease liabilities	19	85,743	80,694
Employee Benefits	21	53,957	51,853
Current Tax Liabilities		(16,546)	39,037
Total Current Liabilities		**143,563**	**218,340**
Non-Current Liabilities			
Payables	18	30,315	60,630
Lease liabilities	19	95,705	169,248
Provisions	20	6,533	6,215
Employee Benefits	21	6,232	3,928
Total Non-Current Liabilities		**138,785**	**240,021**
TOTAL LIABILITIES		**282,348**	**458,361**
NET ASSETS		**1,396,873**	**1,405,653**
EQUITY			
Issued Capital	22	787,911	787,911
Financial Assets Reserve		(20,714)	(17,821)
Retained Earnings		629,676	635,563
TOTAL EQUITY		**1,396,873**	**1,405,653**

This statement should be read in conjunction with the accompanying notes

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

	Note	Issued Capital $	Financial Assets Reserve $	Retained Earnings $	Total $
Balance at 1 July 2019		**787,911**	**(14,928)**	**454,986**	**1,227,969**
Comprehensive Income					
Net Result for the year		-	-	284,484	284,484
Other Comprehensive Income for the year		-	(2,893)	-	(2,893)
Transactions with Owners in their Capacity as Owners					
Dividends recognised for the year	31	-	-	(103,907)	(103,907)
Balance at 30 June 2020		**787,911**	**(17,821)**	**635,563**	**1,405,653**
Balance at 1 July 2020					
Comprehensive Income					
Net Result for the year		-	-	74,042	74,042
Other Comprehensive Income for the year		-	(2,893)	-	(2,893)
Transactions with Owners in their Capacity as Owners					
Dividends recognised for the year	31	-	-	(79,929)	(79,929)
Balance at 30 June 2021		**787,911**	**(20,714)**	**629,676**	**1,396,873**

This statement should be read in conjunction with the accompanying notes

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from Customers		1,868,911	2,199,245
Interest		5,216	11,397
Dividends		2,989	2,314
Payments			
Employee Benefits		(1,013,935)	(1,006,556)
Income Tax Paid		(102,878)	(80,487)
Lease payments (interest component)		(11,007)	(14,603)
Lease payments not included in the measurement of lease liabilities		(32,685)	(31,224)
Payments to Suppliers		(508,823)	(675,105)
NET CASH INFLOWS FROM OPERATING ACTIVITIES	**23**	**207,788**	**404,981**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant & Equipment		(158,666)	(44,256)
Proceeds from sale of Plant & Equipment		5,000	-
Purchase of Intangible Assets		(27,559)	(27,559)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(181,225)**	**(71,815)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) borrowings		-	(2,297)
Lease payments (principal component)		(75,489)	(76,204)
Dividends Paid	31	(79,929)	(103,907)
NET CASH OUTFLOWS FROM FINANCING ACTIVITIES		**(155,418)**	**(182,408)**
NET INCREASE/(DECREASE) IN CASH HELD		(128,855)	150,758
CASH AT 1 JULY		1,030,404	879,646
CASH AT 30 JUNE	**9**	**901,549**	**1,030,404**

This statement should be read in conjunction with the accompanying notes

Notes to the financial statements

Notes to and forming part of the accounts for the year ended 30 June 2021

Note 1 Reporting entity

Bellarine Peninsula Community Branch Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2021 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing Community Bank services. The registered office and principal place of business is:

Registered office:	44 Newcombe Street Portarlington 3223
Principal places of business:	Portarlington 44 Newcombe Street Portarlington 3223 Drysdale 1/13 Hancock Street Drysdale 3222

Note 2 Basis of preparation and statement of compliance

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

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

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

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

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 following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return that 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

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.

Note 4 Summary of significant accounting policies (continued)

(b) Other revenue

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

Revenue stream	Revenue recognition policy
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
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.

(c) Economic Dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at Drysdale and Portarlington.

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 branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the Community Bank branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

Note 4 Summary of significant accounting policies (continued)

(c) Economic Dependency - Bendigo Bank (continued)

- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.
- providing payroll services

(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 (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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.

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.

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

Other long-term employee benefits

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

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

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

(e) Taxes

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

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

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)

(c) Economic Dependency - Bendigo Bank (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.
- when receivables and payables are stated with the amount of GST included.

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.

(f) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

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

Depreciation

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.

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	over the lease term
Furniture, fixtures and fittings	Straight-line	2 to 10 years
Motor vehicles	Diminishing value	3 to 8 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 include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

Note 4 Summary of significant accounting policies (continued)

(h) Intangible assets (continued)

Amortisation (continued)

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 (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)
Domiciled customer accounts	Assessed for impairment	Indefinite

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

(i) Financial instruments

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

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 are measured at fair value through other comprehensive income.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income. The company has elected do this and as such, net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss.

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. For equity securities any gain or loss on derecognition is recognised in other comprehensive income. Any gain or loss on other assets and liabilities is recognised through 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

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) Share capital

Issued and paid up capital is 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) Provisions

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

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to its/their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

(m) Leases

At inception of a contract, the company assesses whether a contract is, or contains, 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. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 interest rate implicit in the lease or, if that rate cannot be readily determined, 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 the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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.

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.

Note 4 Summary of significant accounting policies (continued)

(m) Leases (continued)

Short-term leases and leases of low-value assets (continued)

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

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

Note 6 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	1,370,446	1,589,792
- Fee income	135,418	170,892
- Commission income	182,405	180,250
	1,688,269	**1,940,934**

Note 7 Other revenue

	2021 $	2020 $
- Rental income	-	246
- Dividend and distribution income	2,989	2,314
- Market development fund income	-	21,250
- Cash flow boost	23,339	38,898
- Other income	4,993	5,016
	31,321	**67,724**

Note 8 Finance income

	2021 $	2020 $
- Cash at bank	3,854	12,416
	3,854	**12,416**

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

Note 9 Expenses

	2021 $	2020 $
a) Depreciation and amortisation expense		
Depreciation of property, plant and equipment	21,629	22,197
Depreciation of right-of-use assets.	52,200	52,197
Amortisation of intangibles	26,376	23,299
	100,205	**97,693**

b) Finance costs		
Lease interest expense	11,007	14,603
	11,007	**14,603**

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 9 Expenses (continued)

c) Charitable donations, sponsorship, advertising and promotion (continued)

	2021 $	2020 $
Direct sponsorship, advertising, and promotion payments	36,376	69,448
Contribution to the Community Enterprise Foundation™	-	52,632
	36,376	**122,080**

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

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

Note 10 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

	2021 $	2020 $
a) Amounts recognised in profit or loss		
Current Tax	58,879	92,612
Movement in deferred tax	(6,464)	(29,165)
Franking credits on dividends received	-	(878)
Adjustment to deferred tax upon adoption of AASB 16	-	36,826
Reduction in company tax rate	-	2,555
Over provision in respect of prior years	1,344	6,645
	53,759	**108,595**
b) Prima facie income tax reconciliation		
Prima facie tax payable on profit from ordinary activities before income tax at 26% (2020: 27.5%)	33,228	108,097
Add		
Tax effect of:		
non-deductible expenses	54,855	2,550
timing difference expenses	968	(7,579)
non-assessable income	(6,068)	(10,456)
movement in deferred tax	(6,464)	(29,165)
franking credits on dividends received	-	(878)
adjustment to deferred tax upon adoption of AASB 16	-	36,826
reduction in company tax rate	-	2,555
other deductible expenses	(24,104)	-
	52,415	**101,950**
Less		
Tax effect of:		
under provision of tax in prior years	1,344	6,645
	53,759	**108,595**
Weighted Average Tax Effective Rate	**26.00%**	**27.50%**

Note 11 Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2021 $	2020 $
Cash at Bank	551,993	186,096
Short Term Deposits	349,556	844,308
	901,549	**1,030,404**

Note 12 Receivables

	2021 $	2020 $
CURRENT		
Contractual		
Trade debtors	98,235	110,500
Accrued Investment Income	444	1,362
Prepayments	1,092	-
TOTAL	**99,771**	**111,862**

(a) Ageing of Receivables

Please refer to note 24 (c) for the ageing analysis of receivables

(b) Nature and extent of risk arising from Receivables

Please refer to note 24 (c) for the nature and extent of credit risk arising from receivables

Note 13 Other financial assets

	2021 $	2020 $
Non-Current		
Financial Assets at fair value through Other Comprehensive Income		
Shares - Unlisted Public Company	**19,286**	**22,179**

(a) Ageing of Other Financial Assets

Please refer to note 24 (c) for the ageing analysis of Other Financial Assets

(b) Nature and extent of risk arising from other financial assets

Please refer to note 24 (c) for the nature and extent of credit risk arising from Other Financial Assets

Note 14 Deferred tax assets

	2021 $	2020 $
Deferred Tax Assets Comprise:		
Employee Benefits	14,503	14,503
Make-good Provision	1,616	1,616
Lease Liability	64,985	64,985
Right-of-use Asset	(38,024)	(38,024)
Other	(5,259)	1,205
	37,821	**44,285**

Note 14 Deferred tax assets (continued)

	2021 $	2020 $
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive inocme	(6,464)	26,898

Note 15 Property, plant & equipment

(a) Gross carrying amount and accumulated depreciation at cost

	2021 $	2020 $
Deposit paid - Land and buildings	131,788	-
Work in progress at cost*	48,330	20,944
Total Work in Progress - Land and Buildings	**180,118**	**20,944**
*Work in progress relates to a building development for a new Drysdale branch.		
Furniture and Equipment	76,584	76,584
Less Accumulated Depreciation	(69,050)	(64,389)
Total Furniture and Equipment	**7,534**	**12,195**
Motor Vehicles	-	17,330
Less Accumulated Depreciation	-	(11,845)
Total Motor Vehicles	**-**	**5,485**
Leasehold Improvements	453,275	453,275
Less Accumulated Amortisation	(197,500)	(182,724)
Total Leasehold improvements	**255,775**	**270,551**
Total Property, Plant & Equipment	**443,427**	**309,175**

(b) Reconciliations of the carrying amounts of each class of asset

	Work in progress $	Leasehold Improvements $	Motor Vehicles $	Furniture & Equipment $	Total $
Balance at 30 June 2019	-	272,437	7,083	7,596	287,116
Additions	20,944	12,291	-	11,021	44,256
Disposals at WDV	-	-	-	-	-
Depreciation expense	-	(14,177)	(1,598)	(6,422)	(22,197)
Balance at 30 June 2020	**20,944**	**270,551**	**5,485**	**12,195**	**309,175**
Additions	159,174	-	-	-	159,174
Disposals at WDV	-	-	(4,681)	-	(4,681)
Depreciation expense	-	(14,776)	(804)	(4,661)	(20,241)
Balance at 30 June 2021	**180,118**	**255,775**	**-**	**7,534**	**443,427**

Note 16 Right-of-use assets

	2021 $	2020 $
a) Carrying amounts		
Leased land and buildings	746,570	746,570
Less Accumulated Depreciation	(652,522)	(600,322)
	94,048	**146,248**

Note 16 Right-of-use assets (continued)

	2021 $	2020 $
a) Carrying amounts (continued)		
Leased Motor vehicle	17,699	-
Less Accumulated Depreciation	(1,387)	-
	16,312	**-**
	110,360	**146,248**

b) Reconciliation of carrying amounts		
Carrying amount at beginning	146,248	-
Initial recognition on transition	-	746,570
Accumulated depreciation on adoption	-	(548,125)
Additional right-of-use assets recognised	17,699	-
Depreciation	(53,587)	(52,197)
Carrying amount at end	**110,360**	**146,248**

Note 17 Intangible assets

(a) Carrying amounts

	2021 $	2020 $
NON-CURRENT		
Franchise Licence Fee	131,838	131,838
less accumulated amortisation	(64,831)	(38,455)
	67,007	**93,383**
Goodwill - Drysdale Branch at cost	106,478	106,478
less accumulated impairment	(106,478)	-
	-	**106,478**
	67,007	**199,861**

(b) Changes in estimates

The company has re-assessed the useful life of its cash-generating unit for business domiciled from Bendigo Bank to the company based on new information from Bendigo Bank relating to the customer product life cycle.

As a result of the reassessment, the carrying amount was found to exceed the recoverable amount indicating the asset is now fully impaired. As such, an impairment loss of $106,478 has been recognised for the financial year ending 30 June 2021.

There were no other changes in estimates for the current reporting period.

Note 18. Payables

	2021 $	2020 $
CURRENT		
Contractual		
Payables - contractual	30,494	30,972
Accrued wages	8,881	25,288
Accrued Expenses	5,316	6,000
	44,691	**62,260**

Note 18. Payables (continued)

	2021 $	2020 $
CURRENT (continued)		
Statutory		
GST payable	11,282	18,276
PAYG witholding	(35,564)	(33,780)
	(24,282)	**(15,504)**
TOTAL CURRENT	**20,409**	**46,756**
NON-CURRENT		
Contractual		
Payables - contractual	30,315	60,630
TOTAL NON-CURRENT	**30,315**	**60,630**
TOTAL PAYABLES	**50,724**	**107,386**

Note 19 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%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

The company's lease portfolio includes:

Drysdale branch
The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in April 2007. An extension option term of 5 years was exercised in April 2012, and further 5 years in April 2017. There are no extension options remaining.

Portarlington branch
The lease agreement is a non-cancellable lease with an initial term of 4 years which commenced in January 2010. An extension option term of 5 years was exercised in January 2014, and further 5 years in January 2019. There is a further 5 year extension option. The company is not reasonably certain to exercise the final five-year lease term.

Motor vehicle
The agreement is an equipment loan, secured by way of chattel mortgage over the vehicle, for a 4 year term commencing in February 2021.

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.

	2021 $	2020 $
a) Current lease liabilities		
Property lease liabilities	85,736	91,386
Less unexpired interest charges	(4,083)	(10,692)
	81,653	**80,694**
Motor vehicle lease liabilities	4,333	-
Less unexpired interest charges	(243)	-
	4,090	**-**
	85,743	**80,694**

Note 19 Lease liabilities (continued)

	2021 $	2020 $
b) Non-current lease liabilities		
Property lease liabilities	90,581	179,660
Less unexpired interest charges	(4,313)	(10,412)
	86,268	**169,248**
Motor vehicle lease liabilities	10,000	-
Less unexpired interest charges	(563)	-
	9,437	**-**
	95,705	**169,248**
	181,448	**249,942**
c) Maturity analysis		
- Not later than 12 months	90,069	91,386
- Between 12 months and 5 years	100,582	179,660
Total undiscounted lease payments	**190,650**	**271,046**
Unexpired interest	(9,202)	(21,104)
Present value of lease liabilities	**181,448**	**249,942**

Note 20 Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

	2021 $	2020 $
a) Non-current liabilities		
Make-good on leased premises	6,533	6,215
	6,533	**6,215**

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term.

The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process.

	2021 $	2020 $
Provision		
Balance at the beginning	6,215	-
Face-value of make-good costs recognised	-	7,000
Present value discounting	318	(785)
	6,533	**6,215**

Note 21 Employee benefits

	2021 $	2020 $
CURRENT		
Long Service Leave	28,024	29,826
Annual Leave	25,933	22,027
TOTAL	**53,957**	**51,853**
NON-CURRENT		
Long Service Leave	6,232	3,928
	60,189	**55,781**

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

Note 22 Issued capital

	2021 $	2020 $
(a) Ordinary Shares		
1,598,571 (2020: 1,598,571) ordinary shares fully paid	**787,911**	**787,911**
Ordinary Shares at the beginning of the reporting period	1,598,571	1,598,571
Shares Issued during the year	-	-
Shares held at reporting date	**1,598,571**	**1,598,571**

Note 23 Reconciliation of net result for the year to net cash flows from operating activities

	2021 $	2020 $
Result after income tax	74,042	284,484
Non-Cash Flows in Profit		
Depreciation	73,829	74,394
Amortisation	26,376	23,299
Changes in Assets and Liabilities		
Increase/(Decrease) in employee benefits	(1,807)	(5,952)
Increase/(Decrease) in payables	(34,102)	(958)
Increase/(Decrease) in tax liabilities	(49,119)	18,180
Decrease/(Increase) in receivables	13,183	11,534
Decrease/(Increase) in prepayments	(1,092)	-
Decrease/(Increase) in intangibles	106,478	-
Net Cash From Operating Activities	**207,788**	**404,981**

Note 24 Financial instruments

(a) Financial Risk Management Objectives and Policies

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Governance committee which reports regularly to the Board.

Note 24 Financial instruments (continued)

(a) Financial Risk Management Objectives and Policies (continued)

The company's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Financial Assets
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Lease liabilities

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the financial statements.

(b) Categorisation of Financial Instruments

			Carrying Amount	
	Note	Category	2021 $	2020 $
Financial Assets				
Cash and Cash Equivalents	11	Financial assets at amortised cost	901,549	1,030,404
Receivables	12	Financial assets at amortised cost	99,771	111,862
Other Financial Assets	13	Financial assets at fair value through other comprehensive income	19,286	22,179
Financial Liabilities				
Payables	18	Financial Liabilities measured at Amortised Cost	75,006	122,890
Lease liabilities	19	Financial Liabilities measured at Amortised Cost	181,448	249,942

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

The company's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

Interest Rate Exposure and ageing analysis of financial assets as at 30 June

	Weighted Average Interest Rates %	Interest Rate Exposure				Not Past Due And Not Impaired $
		Consolidated Carrying Amount $	Fixed Interest Rate $	Variable Interest Rate $	Non Interest Bearing $	
2021						
Financial Assets						
Cash and Cash Equivalents	0.05	901,549	349,556	551,633	360	901,549
Receivables	0.00	99,771	-	-	99,771	99,771
Other Financial Assets	0.00	19,286	-	-	19,286	19,286
Total Financial Assets		**1,020,606**	**349,556**	**551,633**	**119,417**	**1,020,606**

Note 24 Financial instruments (continued)

(c) Credit Risk (continued)

	Weighted Average Interest Rates %	Interest Rate Exposure				Not Past Due And Not Impaired $
		Consolidated Carrying Amount $	Fixed Interest Rate $	Variable Interest Rate $	Non Interest Bearing $	
2020						
Financial Assets						
Cash and Cash Equivalents	1.85	1,030,404	844,308	185,736	360	1,030,404
Receivables	0.00	111,862	-	-	111,862	111,862
Other Financial Assets	0.00	22,179	-	-	22,179	22,179
Total Financial Assets		**1,164,445**	**844,308**	**185,736**	**134,401**	**1,164,445**

(d) Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that liquid assets are available.

The following table discloses the contractual maturity analysis for the company's financial liabilities.

	Weighted Average Interest Rates %	Interest Rate Exposure					
		Consolidated Carrying Amount $	Fixed Interest Rate $	Non Interest Bearing $	Less than 1 Year $	Maturity Dates 1-5 Years $	5+ Years
2021							
Trade Creditors and Accruals	0.00	75,006	-	75,006	44,691	30,315	-
Lease Liabilities	5.00	181,448	181,448	-	85,743	95,705	-
Total Financial Liabilities		**256,454**	**181,448**	**75,006**	**130,434**	**126,020**	**-**
2020							
Trade Creditors and Accruals	0.00	122,890	-	122,890	62,260	60,630	-
Lease Liabilities	5.00	249,942	249,942	-	80,694	169,248	-
Total Financial Liabilities		**372,832**	**249,942**	**122,890**	**142,954**	**229,878**	**-**

(e) Market Risk

Currency Risk

The company has no exposure to foreign currency risk.

Interest Rate Risk

Exposure to interest rate risk might arise primarily through the company's interest bearing liabilities. The company currently has no interest bearing liabilities.

Other Price Risk

The company is exposed to insignificant other price risk

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the company believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 4%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 3%

Note 24 Financial instruments (continued)

(e) Market Risk (continued)

Other Price Risk (continued)

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the company at year end if changes in the relevant risk occur:

	Carrying Amount $	Interest Rate Risk			
		-1%		+1%	
		Profit $	Equity $	Profit $	Equity $
2021					
Financial Assets					
Cash and Cash Equivalents	901,549	(5,516)	(5,516)	5,516	5,516
Receivables	99,771	-	-	-	-
Other Financial Assets	19,286	-	-	-	-
Financial Liabilities					
Trade Creditors and Accruals	75,006	-	-	-	-
Lease Liabilities	181,448	-	-	-	-
2020					
Financial Assets					
Cash and Cash Equivalents	1,030,404	(1,857)	(1,857)	1,857	1,857
Receivables	111,862	-	-	-	-
Other Financial Assets	22,179	-	-	-	-
Financial Liabilities					
Trade Creditors and Accruals	122,890	-	-	-	-
Lease Liabilities	249,942	-	-	-	-

(f) Fair values

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and

Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of financial position. The Company does not have any unrecognised financial instruments at year end.

(g) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of financial position.

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

The Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee 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 Franchisee over that 12 month period.

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%.

Note 24 Financial instruments (continued)

(g) Capital management (continued)

The Board is managing the growth of the business in line with this requirement. There were no changes in the Company's approach to capital management during the year.

Note 25 Segment reporting

Industry Segments

Bellarine Peninsula Community Branch Ltd's only industry segment is the provision of branch banking services.

Geographical Segment

Bellarine Peninsula Community Branch Ltd operates predominantly on the Bellarine Penisula, Victoria. More than 90% revenue, net surplus from ordinary activities and segment assets relate to operations on the peninsula.

Note 26 Director and related party disclosures

a) The names of directors whom have held office during the financial year are:

	From	To
S Wight	7/1/20	6/30/21
SJ Baldwin	7/1/20	6/30/21
R Barker	7/1/20	6/30/21
B Harvey	7/1/20	6/30/21
PC Jones	7/1/20	6/30/21
K Trewin	7/1/20	6/30/21
R Smith	7/1/20	6/30/21

b) Key management personnel compensation

Sandra Baldwin received payment for services performed in a role as 'Executive Officer' including, but not limited to, community and public relations, corporate affairs administration, accounts liaison and other Company Secretarial duties. During the 2021 financial year Sandra was paid $29,333 (2020 $26,464).

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

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

c) Transactions with directors and/or related parties

S. Wight is a director of Davidsons Pty Ltd which provides accounting services to the company. The amount paid to Davidsons Pty Ltd for these services amounted to $49,150 (2020 $51,165).

The transactions were made on an arms length basis and on normal terms and conditions.

The Bendigo Peninsula Community Branch Ltd has accepted the Community Bank Directors Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the Bendigo Peninsula Community Branch Ltd. There is no requirement to own BEN shares and there is no qualification period to qualify to utilize the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders.

Note 27 Contingent assets and contingent liabilities

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

Note 28 Events occurring after reporting date

During the reporting period the company entered into a contract of sale to purchase a property to be constructed for the purpose of relocating the Drysdale Community Bank branch. An amount of $997,597 was due on settlement of the contract, which took place in July 2021. The settlement amount was partly funded through a finance arrangement with Bendigo Bank for an amount of $805,000.

Note 29 Auditors remuneration

	2021 $	2020 $
Remuneration of the Auditor of the Company for:		
-Auditing or reviewing the financial report	6,000	7,400
-General advisory services	2,930	1,550
-Share registry services	4,491	3,733
	13,421	**12,683**

Note 30: Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2021 $	2020 $
Profit after income tax expense	**74,042**	**284,484**
Weighted average number of ordinary shares for basic and diluted earnings per share	**1,598,571**	**1,598,571**
a) Basic earnings per share (cents per share)	4.63	17.80
b) Diluted earnings per share (cents per share)	4.63	17.80

Note 31 Dividends

	2021 $	2020 $
(a) Dividends paid during the year		
Fully Franked dividends - 5 cents per share (2020: 6.5 cents per share)	79,929	103,907
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year	**335,884**	**271,279**

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

Directors' declaration

The directors of the company declare that:

1. The financial statements of the company comprising the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes forming part of the accounts:

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

   (b) comply with the Corporations Act 2001, Accounting Standards and the Corporations Regulations 2001.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the directors by:

Dated this 30th day of September, 2021

Stephen Wight
Chairperson

Independent audit report

61 Bull Street
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03 5443 0344

Independent auditor's report to the Directors of Bellarine Peninsula Community Branch Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bellarine Peninsula Community Branch Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Bellarine Peninsula Community Branch Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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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: 30 September 2021

Joshua Griffin
Lead Auditor

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