Break O'Day Community Financial Services Limited

ABN 63 614 142 853

2021 Annual Report

Community Bank · St Helens/St Marys

Contents

Chairman's report

For year ending 30 June 2021

The residents, businesses and community organisations in the Break O'Day and Freycinet Municipal areas on the east coast of Tasmania are blessed as they are being served by Community Bank Branches of the Bendigo and Adelaide Bank, the most trusted Bank in Australia. This is at a time when the four major banks continue to withdraw, or reduce, their services from regional Australia.

Our local Community Bank branches employ dedicated managers and lenders who are residents of the region and who are available for face-to-face meetings with customers, seemingly an old-fashioned concept in these days of impersonalised electronic banking. Community Banks also benefit from management by a dedicated team of volunteer Board members who are resident in the region and who have the community's best interests at heart.

Our greatest strength, and our point of difference, is the fact that no more than twenty percent of profits can be distributed as dividends in any one year, meaning a minimum of eighty percent of the profit retained by our Community Bank company can be distributed throughout our community to support community organisations, our youth and those in need. This was best demonstrated during the early days of the COVID-19 outbreak when our community grant program was postponed and our funds were distributed to those in the community who were struggling to put food on their tables. In our three years of operation we have contributed $73,295 to our local community.

There is no doubt that the banking world has changed dramatically over the past few years and that this trend was exacerbated by the COVID-19 epidemic. The current move towards a cashless society is rapidly advancing and low interest rates will be with us for an extended period. The result of these low interest rates is reduced margins and hence reduced revenue to Break O'Day Community Financial Services Limited. In order for our Community Bank to prosper, we are heavily reliant on our local community to utilise our banking services, especially with residential and business loans.

The more that the community supports Community Bank St Helens/St Marys, the more we can support our community.

It was with considerable regret that our Board received a letter of resignation from our youngest Board member, Tyler Birch. However, we understand that, especially as a volunteer, it is important not to overcommit and Tyler certainly had plenty on his plate. Thank you Tyler for your valued input to our Board activities and for your dedication to your community.

Attracting Board members to local volunteer organisations is always difficult so this year we have created two positions of Associate Board Member. The intention is to allow potential Board members to attend meetings, take part in discussions and attend community events thereby developing a real understanding of the Board's activities and Board member responsibilities. The Associate Board Members do not have voting rights and must sign a confidentiality agreement. Our two current Associate Board Members are Lee Bedford and Sheridan van Asch. The Board has benefitted from their expertise and knowledge and we thank them for their contributions.

I also wish to thank our dedicated staff team and my fellow Board members for their dedication and good work in a very trying market environment.

Lastly, I echo the sentiments expressed in my 2020 annual report whereby I would like to acknowledge our shareholders and express our Board members' gratitude for providing us with the opportunity to play our part in making our community a better place to live. Also, I remind all of our shareholders that this is your community, your community company, in order for us all to prosper, it is imperative that you consider Community Bank St Helens/St Marys as your bank of choice.

The more of your banking you have with Community Bank St Helens-St Marys, the more you are supporting your community.

Andrew MacGregor
Chair

Manager’s report

For year ending 30 June 2021

The 2020/21 financial year has seen ongoing hardship throughout Australia with the impacts of COVID-19 continuing to compromise the Australian way of life. Whilst in Tasmania, at the time of writing, we have not had to endure the lock downs seen on Mainland Australia, we still have felt the impact of reduced tourism numbers in recent months which has been very difficult for some of our customers.

For Community Bank St Helens/St Marys, we have experienced a record year in loan settlements along with a strong improvement in our wealth and insurance revenue. Our overall growth has however been impacted by the strong increase in property values which has resulted in a record number of loans being paid out due to customers taking advantage of high prices and a very strong selling market. This has enabled many to reduce their debt levels in an uncertain economy.

The banking industry is changing with some industry modelling forecasting that we will be living in a cashless society within 10 years. This would have been hard to imagine 12 months ago, however COVID-19 has seen more people choosing to transact online. As a result, our transactions in branch are declining and even our ATM is being used less. This means more than ever our staff need to be equipped with the skills to communicate with our customers on a much deeper level to ensure we are providing them with excellent financial solutions. As a local bank, we will strive to ensure this becomes an opportunity for us. We need to be seen as a place for our customers to obtain options for maximising their finances in a convenient, face to face environment.

Our collaboration with Community Bank Swansea and Community Bank Bicheno, which was established in the 2019/20 financial year has been a very successful partnership. It has enabled me to focus on developing our businesses through partnering with other likeminded organisations, staff development and training, and establishing a team of lending specialists. Our team is strong on commitment and focused on the growth of our business. They are keen to use their new skills, so please pop in and see how they can assist you!

I would like to take this opportunity to extend my thanks to the entire team and the Board of Directors for their support of me, for their willingness to embrace change and for their focus on delivering an excellent Community Bank to the East Coast community.

Last, but certainly not least, I thank our community for their support over the last five years. Our ability to grow depends on the support of our community. Please keep telling the story: Community Bank St Helens/St Marys is a bank that feeds into the prosperity of our customers and community, not off it. This is your community and your community company, let’s work together to help everyone thrive!

I look forward to a successful financial year for Community Bank St Helens/St Marys and all the exciting opportunities we will have to support our customers and community going forward.

Suzanne Turner
Senior Branch 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

Directors' report

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

Directors

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

Andrew Donald MacGregor
Chairman, Director
Occupation: Retired Surveyor
Qualifications, experience and expertise: Experienced throughout Tasmania as a Registered Land Surveyor, Certified Practising Planner, Property Development Consultant and Project Facilitator. Andrew has served as local government Councillor and Warden, as well as Director of several private companies. As a Life Member of St Helens and Districts Chamber of Commerce, past Chair of the Break O'Day Business Enterprise Board, past Chair of Medea Park Residential Care and a Board Member of the Tasmanian Community Fund. Andrew is passionate about developing economic opportunity for all in our community and views the Community Bank branch as a key part of this process.
Special responsibilities: HR Committee
Interest in shares: 21,015 ordinary shares

David Edward Llewellyn
Deputy Chairman, Director
Occupation: Viticulturist
Qualifications, experience and expertise: David is the Owner/Manager of Priory Ridge Wines, a successful business in St Helens. As a former politician for 28 years, he served more than 14 years as a Cabinet Minister in previous Tasmanian Governments and for some time held the position of Deputy Premier. David is a member of the Diocesan Board of Trustees for the Anglican Church in Tasmania and a former Chairman of Anglicare Tasmania. David has a 26 year background in electronic engineering as a senior Technical Officer and Operations Manager. In 2012 he was made a Member of the Order of Australia for services to the Tasmanian Parliament and to charity.
Special responsibilities: Deputy Chairman, Property Committee, Governance and Audit Committee
Interest in shares: 32,401 ordinary shares

Roger William Harrison Harlow
Director
Occupation: Retired Teacher and Scientist
Qualifications, experience and expertise: Trained at University of Adelaide (BSc Hons PhD) 1966-1975, Lecturer in wine science at Roseworthy Agricultural College SA, (1974-75) Senior Research Officer, immunology at Dept of Medicine, University of Tasmania,(1976-80) secondary and senior secondary Maths Science teaching with Dept of Education Tasmania (1983-2008, Scottsdale, St Marys, St Helens). Now retired, work as a hobby farmer and beekeeper. Community service roles as Treasurer of Portland Council, Director and Treasurer for Break O'Day Health Resource Association Inc (1995- 2005), Director and Vice Chair Medea Park Association Inc (Aged Care, 1992-to present), Member Steering Committee, St Helens-St Marys Community Bank (2016-2018), Director & Treasurer, Break
Special responsibilities: Treasurer
Interest in shares: 4,272 ordinary shares

Christopher Frederick Triebe
Director
Occupation: Town Planner / Self employed
Qualifications, experience and expertise: After a career in the RAAF, Chris managed a sailing holiday business in Greece and on return to Australia, gained a Bachelor of Business (Hons) at Australian Maritime College, specialising in Customer Relationship Management in Australian Seaports. At Break O'Day Council he completed a Grad. Dip. in Urban and Environmental Planning. Over the past 10 years, Chis has been the local Officer in Charge of the Australian Electoral Commission, a member of RSLA and the RAAF Association. A previous volunteer of the St Helens Fire Brigade, Chris is also a keen member of the St Helens Golf Club and previous Secretary. His energy and enthusiasm for the Community Bank model will be a valued asset on the Board.
Special responsibilities: Secretary, Governance and Audit Committee, Marketing and Sponsorship Committee
Interest in shares: 4,151 ordinary shares

Directors *(continued)*

Sandra Maree Lohrey
Director
Occupation: Retail Assistant
Qualifications, experience and expertise: Sandra was born and raised in St Helens and is now employed here in the retail sector. She has experience as a small business operator in her role as a Nutrimetics sales consultant. As Team Captain and participant in the Cancer Council's Relay for Life. Sandra is a capable organiser. She has coordinated the work of the Steering Committee as Secretary and her extensive local connections and relationships will be strong assets in the Board's community development for the Bank.
Special responsibilities: HR Committee, Launch Committee
Interest in shares: 2,501 ordinary shares

Annette Elizabeth Maney
Director
Occupation: Retail Assistant
Qualifications, experience and expertise: Annette's deep understanding of the banking sector came through roles in retail banking for two different major banks, customer service and branch administration, staff supervision and training, as well as regional management. She has developed product promotion and sales skills developed through her successful retail business, featuring international mail order. Annette brings good communication and negotiation skills to the Board and sees the Community Bank as a great vehicle to both serve and develop the community.
Special responsibilities: HR Committee, Marketing and Sponsorship Committee, Launch Committee
Interest in shares: 5,203 ordinary shares

Stephen John Walley
Director
Occupation: Educational Consultant/Coach
Qualifications, experience and expertise: A distinguished teaching career saw Stephen achieve Principalship of St Helens, St Marys and Prospect High Schools. He currently offers Educational Leadership and Coaching as a private consultant. Stephen continues to support young people and his community commitment shines in his Life Membership of St Helens Football Club and continuing involvement in a range of other community committees. Building community connections is a key success factor for the Community Bank and the Board values Stephen's extensive skills in this area.
Special responsibilities: HR Committee, Marketing and Sponsorship Committee
Interest in shares: 5,001 ordinary shares

Garry Colin Pannan
Director
Occupation: Small Business Owner
Qualifications, experience and expertise: Garry has owned and operated businesses for the last 20 years, currently has 6 employees. Bringing to the board a background in sales, marketing, bookkeeping and running small businesses. On the board of Break O'Day Chamber of commerce and former board member of East Coast Tourism.
Special responsibilities: Marketing Committee
Interest in shares: 5,000 ordinary shares

Directors *(continued)*

Tyler Owen Birch
Director (resigned 18 January 2021)
Occupation: Project Officer/Gardener
Qualifications, experience and expertise: Core experience in Community Development, primarily through employment with St Helens Neighbourhood House under the THRIVE Community Garden Project. Further experience in Community Development holding the *ex office* position of 'Youth Representative' on the Neighbourhood Houses Tasmania Board 2018 - 2020. Qualifications include: 2 x Certificate IV - Small Business Management & Human Resources. Management & Leadership Certificate IV - currently being undertaken along with Tasmanian Emerging Community Leaders Program 2020 (postponed to 2021). Voluntary roles include one on one student mentoring at St Helens District High School in addition to mathematics tutoring at the St Helens Trade Training centre for year 11/12 students.
Special responsibilities: Marketing Committee
Interest in shares: nil share interest held

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

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

Company Secretary

The company secretary is Christopher Triebe. Chris was appointed to the position of secretary on 9 August 2016.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
(85,890)	(97,451)

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Andrew Donald MacGregor	21,015	-	21,015
David Edward Llewellyn	32,401	-	32,401
Roger William Harrison Harlow	4,272	-	4,272
Christopher Frederick Triebe	4,151	-	4,151
Sandra Maree Lohrey	2,501	-	2,501
Annette Elizabeth Maney	5,203	-	5,203
Stephen John Walley	5,001	-	5,001
Garry Colin Pannan	5,000	-	5,000
Tyler Owen Birch	-	-	-

Dividends

No dividends were declared or paid for the previous financial year and the directors recommend that no dividend be paid in the current financial year.

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings		Committee Meetings					
E - eligible to attend *A - number attended*			Sponsorship & Marketing		Governance & Strategy		Marketing	
	E	A	E	A	E	A	E	A
Andrew Donald MacGregor	12	11	-	-	12	11	-	-
David Edward Llewellyn	12	12	-	-	12	12	-	-
Roger William Harrison Harlow	12	10	-	-	12	10	-	-
Christopher Frederick Triebe	12	12	11	11	12	12	5	5
Sandra Maree Lohrey	12	11	-	-	12	11	-	-
Annette Elizabeth Maney	12	9	11	11	12	9	-	-
Stephen John Walley	12	11	11	9	12	11	-	-
Garry Colin Pannan	12	12	11	11	12	12	-	-
Tyler Owen Birch	6	6	6	6	6	6	-	-

Proceedings on behalf of the company

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

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 29 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Signed in accordance with a resolution of the directors at St Helens, Tasmania.

Andrew Donald MacGregor, Chairman

Dated this 24th day of September 2021

Auditor's independence declaration

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

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

As lead auditor for the audit of Break O'Day Community Financial Services Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

Joshua Griffin
Lead Auditor

Financial statements

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	238,724	240,003
Other revenue	9	86,571	80,256
Finance income	10	45	1,537
Employee benefit expenses	11c)	(230,793)	(235,167)
Charitable donations, sponsorship, advertising and promotion		(18,064)	(36,476)
Occupancy and associated costs		(12,483)	(12,125)
Systems costs		(18,348)	(18,432)
Depreciation and amortisation expense	11a)	(70,282)	(68,219)
Finance costs	11b)	(13,827)	(13,581)
General administration expenses		(66,500)	(65,398)
Loss before income tax credit		(104,957)	(127,602)
Income tax credit	12a)	19,067	30,151
Loss after income tax credit		(85,890)	(97,451)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(85,890)	(97,451)
Earnings per share		¢	¢
- Basic and diluted loss per share:	31a)	(11.29)	(12.81)

The accompanying notes form part of these financial statements

Statement of Financial Position

as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	15,900	61,372
Trade and other receivables	15a)	30,599	33,437
Total current assets		46,499	94,809
Non-current assets			
Investment property	14a)	23,538	31,905
Property, plant and equipment	16a)	151,610	169,712
Right-of-use assets	17a)	236,768	255,353
Intangible assets	18a)	47,477	73,692
Deferred tax asset	19a)	138,348	119,281
Total non-current assets		597,741	649,943
Total assets		644,240	744,752
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	35,816	28,244
Loans and borrowings	21a)	10,599	10
Lease liabilities	22a)	22,361	21,447
Employee benefits	24a)	6,942	18,592
Total current liabilities		75,718	68,293
Non-current liabilities			
Lease liabilities	22b)	274,027	297,359
Employee benefits	24b)	2,125	970
Provisions	23a)	2,986	2,856
Total non-current liabilities		279,138	301,185
Total liabilities		354,856	369,478
Net assets		289,384	375,274
EQUITY			
Issued capital	25a)	724,372	724,372
Accumulated losses	26	(434,988)	(349,098)
Total equity		289,384	375,274

The accompanying notes form part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2021

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019	724,372	(251,647)	472,725
Total comprehensive income for the year	-	(97,451)	(97,451)
Balance at 30 June 2020	**724,372**	**(349,098)**	**375,274**
Balance at 1 July 2020	724,372	(349,098)	375,274
Total comprehensive income for the year	-	(85,890)	(85,890)
Balance at 30 June 2021	**724,372**	**(434,988)**	**289,384**

The accompanying notes form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		355,506	343,965
Payments to suppliers and employees		(370,450)	(399,327)
Interest received		45	1,537
Interest paid		(39)	-
Lease payments (interest component)	11b)	(13,736)	(13,456)
Lease payments not included in the measurement of lease liabilities	11d)	(5,956)	(5,787)
Net cash used in operating activities	27	**(34,630)**	**(73,068)**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(2,239)
Net cash used in investing activities		**-**	**(2,239)**
Cash flows from financing activities			
Lease payments (principal component)		(21,431)	(18,964)
Net cash used in financing activities		**(21,431)**	**(18,964)**
Net cash decrease in cash held		**(56,061)**	**(94,271)**
Cash and cash equivalents at the beginning of the financial year		61,372	155,643
Cash and cash equivalents at the end of the financial year	13b)	**5,311**	**61,372**

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2021

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
48 Cecilia Street St Helens TAS 7216	41 Cecilia Street St Helens TAS 7216

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 30.

Note 2 Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

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

Going concern

The financial statements for the financial year ended 30 June 2021 have been prepared on the basis that the company is a going concern and it would continue its operations for a foreseeable future.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. As disclosed in the financial statements, the company's financial position is as follows:

	2021 $	2020 $	Percentage change
Current assets	46,499	94,809	(50.96%)
Current liabilities	75,718	68,293	10.87%
Working capital (deficiency)	(29,219)	26,516	(210.19%)
Total assets	644,240	744,752	(13.50%)
Net assets/(liabilities)	289,384	375,274	(22.89%)
Accumulated losses	(434,988)	(349,098)	24.60%
Total liabilities	354,856	369,478	(3.96%)
Profit/(loss) before tax	(104,957)	(127,602)	(17.75%)
Profit/(loss) after tax	(85,890)	(97,451)	11.86%
Total comprehensive income	(85,890)	(97,451)	(11.86%)
Operating cash inflows (outflows)	(34,630)	(73,068)	(52.61%)
Cash and cash equivalents	5,311	61,372	(91.35%)
Available overdraft and borrowing facilities	39,411	-	100.00%

Note 2 Basis of preparation and statement of compliance *(continued)*

Going concern (continued)

The company meets its day to day working capital requirements through an overdraft facility that is due for renewal on 30 September 2022. The overdraft has an approved limit of $50,000 and was drawn to $10,589 as at 30 June 2021.

An interest free period of 6 months expired during 30 September 2021. As a result no interest expense was incurred during the financial year.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current overdraft facility.

The current economic environment is difficult and while revenue has has increased the company has again reported an operating loss for the year. The directors' consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The company has also obtained an undertaking of support from Bendigo Bank that it will continue to support the company and its operations for the next 12 months. This support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo Bank to further develop its business.

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the unforeseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a

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

Fee income

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

Core banking products

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

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

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

Ability to change financial return

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

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

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

b) Other revenue

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

Revenue	Revenue recognition policy
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.

Cash flow boost

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

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

d) Employee benefits

Short-term employee benefits

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

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

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

d) Employee benefits *(continued)*

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

Goods and Services Tax

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

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	5 to 15 years
Plant and equipment	Straight-line	4 to 15 years
Motor vehicles	Straight-line	5 years

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

h) Intangible assets

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

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

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

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

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

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

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

i) Financial instruments

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

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

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

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

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

m) Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

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

m) Leases *(continued)*

As a lessor

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

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

Note	Judgement
- Note 22 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.
d) sublease classification	d) judgement is required to determine the classification of the sublease as either an operating or a finance sublease.

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

b) Assumptions and estimation uncertainties

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

- Note 19 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 16 - estimation of useful lives of assets: key assumptions on historical experience and the condition of the asset;
- Note 24 - long service leave provision: key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 23 - make-good provision: key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

Note 6 Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

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

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

- $50,000 overdraft facility with available facility of $39,411 at the end of the financial year.

Exposure to liquidity risk

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

30 June 2021

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank overdraft	10,589	-	-	-
Unsecured loans	10	10	-	-
Lease liabilities	296,388	35,119	134,183	208,345
Trade and other payables	35,816	35,816	-	-
	342,803	70,945	134,183	208,345

Note 6 Financial risk management *(continued)*

b) Liquidity risk *(continued)*

30 June 2020

Non-derivative financial liability	Carrying amount	Contractual cash flows: Not later than 12 months	Between 12 months and five years	Greater than five years
Unsecured loans	10	10	-	-
Lease liabilities	318,806	35,222	138,068	240,774
Trade and other payables	28,244	28,244	-	-
	347,060	63,476	138,068	240,774

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $15,900 at 30 June 2021 (2020: $61,372). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	177,307	167,526
- Fee income	21,948	20,408
- Commission income	39,469	52,069
	238,724	240,003

Note 9 Other revenue

	2021 $	2020 $
- Sub-leasing income	9,818	9,273
- Market development fund income	38,333	40,000
- Cash flow boost	8,661	25,983
- Other income	29,759	5,000
	86,571	80,256

Note 10 Finance income

	2021 $	2020 $
- Cash at bank	45	1,537

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	11,378	11,373
- Plant and equipment	6,724	6,717
	18,102	18,090
Depreciation of right-of-use assets		
- Leased land and buildings	21,992	19,941
- Leased motor vehicles	3,974	3,974
	25,966	23,915
Amortisation of intangible assets:		
- Franchise fee	2,000	2,000
- Franchise establishment fee	20,000	20,000
- Other intangible assets	4,214	4,214
	26,214	26,214
Total depreciation and amortisation expense	70,282	68,219

Note 11 Expenses *(continued)*

b) Finance costs

	2021 $	2020 $
- Lease interest expense	13,203	12,794
- Unwinding of make-good provision	130	124
- MV interest	494	663
	13,827	13,581

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	208,375	206,255
Non-cash benefits	-	2,877
Contributions to defined contribution plans	16,396	18,643
Expenses related to long service leave	1,155	424
Other expenses	4,867	6,968
	230,793	235,167

d) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	5,956	5,787

Note 12 Income tax expense

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax credit		
- Future income tax benefit attributable to losses	(21,648)	(30,467)
- Movement in deferred tax	(2,953)	(13,889)
- Adjustment to deferred tax on AASB 16 retrospective application	-	7,323
- Reduction in company tax rate	5,534	6,882
	(19,067)	(30,151)

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2021, the company tax rate will be reduced from 26% to 25%. This change resulted in a loss of $5,534 related to the remeasurement of deferred tax assets and liabilities of the company.

Note 12 Income tax expense *(continued)*

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating loss before taxation	(104,957)	(127,602)
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	(27,289)	(35,091)
Tax effect of:		
- Non-deductible expenses	6,837	7,209
- Other deductible expenses	(1,897)	(2,006)
- Temporary differences	2,953	6,566
- Other assessable income	(2,252)	(7,145)
- Movement in deferred tax	(2,953)	(13,889)
- Leases initial recognition	-	7,323
- Reduction in company tax rate	5,534	6,882
	(19,067)	(30,151)

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	15,900	61,372

b) Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand, cash held with financial and banking institutions, and investments in short-term money financial instruments, net of outstanding bank overdrafts. Bank overdrafts are presented with loans and borrowings.

The below figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Note	2021 $	2020 $
- Cash at bank and on hand		15,900	61,372
- Bank overdraft	21a)	(10,589)	-
		5,311	61,372

Note 14 Investment property

The company sub-leases some of its leased property. The company initially measures the head lease in accordance with AASB 16 before separately identifying the sub lease portion under AASB 140 Investment Property. The investment property is initially measured at cost under AASB 16 and subsequently measured at cost less accumulated depreciation under AASB 140 and assessed for impairment under AASB 136 Impairment of Assets.

Note 14 Investment property *(continued)*

a) Carrying amounts

	2021 $	2020 $
Investment properties - sub-lease		
At cost	33,171	33,272
Less: accumulated depreciation	(9,633)	(1,367)
Total written down amount	23,538	31,905

b) Reconciliation of carrying amounts

	2021 $	2020 $
Investment properties - sub-lease		
Carrying amount at beginning	31,905	-
Initial recognition on transition - at cost	-	33,272
Remeasurement adjustments	(101)	-
Depreciation	(8,266)	(1,367)
Total written down amount	23,538	31,905

Note 15 Trade and other receivables

a) Current assets	2021 $	2020 $
Trade receivables	22,811	21,861
Prepayments	6,082	9,778
Other receivables and accruals	1,706	1,798
	30,599	33,437

Note 16 Property, plant and equipment

a) Carrying amounts

	2021 $	2020 $
Leasehold improvements		
At cost	166,414	166,414
Less: accumulated depreciation	(37,039)	(25,661)
	129,375	140,753
Plant and equipment		
At cost	44,395	44,395
Less: accumulated depreciation	(22,160)	(15,436)
	22,235	28,959
Total written down amount	151,610	169,712

Note 16 Property, plant and equipment *(continued)*

b) Reconciliation of carrying amounts

	Note	2021 $	2020 $
Leasehold improvements			
Carrying amount at beginning		140,753	152,126
Depreciation		(11,378)	(11,373)
		129,375	140,753
Plant and equipment			
Carrying amount at beginning		28,959	33,437
Additions		-	2,239
Depreciation		(6,724)	(6,717)
		22,235	28,959
Motor vehicles			
Carrying amount at beginning		-	13,590
Lease asset transferred out - at cost	17b)	-	(19,842)
Lease asset transferred out - accumulated depreciation	17b)	-	6,252
		-	-
Total written down amount		151,610	169,712

Following the adoption of AASB 16 in the previous financial year, the company now groups its leased assets previously recognised in 'property, plant and equipment' in 'right-of-use assets'.

c) Changes in estimates

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

Note 17 Right-of-use assets

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	289,525	290,410
Less: accumulated depreciation	(58,399)	(44,673)
	231,126	245,737
Leased motor vehicles		
At cost	19,842	19,842
Less: accumulated depreciation	(14,200)	(10,226)
	5,642	9,616
Total written down amount	236,768	255,353

Note 17 Right-of-use assets *(continued)*

b) Reconciliation of carrying amounts

	Note	2021 $	2020 $
Leased land and buildings			
Carrying amount at beginning		245,737	-
Initial recognition on transition		-	244,450
Accumulated depreciation on adoption		-	(26,100)
Remeasurement adjustments		7,381	47,328
Depreciation		(21,992)	(19,941)
		231,126	245,737
Leased motor vehicles			
Carrying amount at beginning		9,616	-
Lease asset transferred in - at cost	16b)	-	19,842
Lease asset transferred in - accumulated depreciation	16b)	-	(6,252)
Depreciation		(3,974)	(3,974)
		5,642	9,616
Total written down amount		236,768	255,353

Note 18 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(6,833)	(4,833)
	3,167	5,167
Franchise establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(68,333)	(48,333)
	31,667	51,667
Other intangible assets		
At cost	21,072	21,072
Less: accumulated amortisation	(8,429)	(4,214)
	12,643	16,858
Total written down amount	47,477	73,692

Note 18 Intangible assets *(continued)*

b) Reconciliation of carrying amounts

	2021 $	2020 $
Franchise fee		
Carrying amount at beginning	5,167.00	7,167
Amortisation	(2,000.00)	(2,000)
	3,167.00	5,167
Franchise establishment fee		
Carrying amount at beginning	51,667.00	71,667
Amortisation	(20,000.00)	(20,000)
	31,667.00	51,667
Other intangible assets		
Carrying amount at beginning	16,858.00	21,072
Amortisation	(4,215.00)	(4,214)
	12,643.00	16,858.00
Total written down amount	47,477.00	73,692

c) Changes in estimates

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

Note 19 Tax assets and liabilities

a) Deferred tax

Deferred tax assets	2021 $	2020 $
- expense accruals	775	780
- employee provisions	2,267	5,086
- make-good provision	747	743
- lease liability	71,471	79,385
- carried-forward tax losses	129,533	113,066
Total deferred tax assets	204,793	199,060
Deferred tax liabilities		
- property, plant and equipment	2,779	7,592
- right-of-use assets	63,666	72,187
Total deferred tax liabilities	66,445	79,779
Net deferred tax assets (liabilities)	138,348	119,281
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	19,067	30,151
Movement in deferred tax charged to Statement of Changes in Equity	-	7,323

Note 20 Trade creditors and other payables

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

a) Current liabilities	2021 $	2020 $
Trade creditors	1,009	474
Other creditors and accruals	34,807	27,770
	35,816	28,244

Note 21 Loans and borrowings

a) Current liabilities	2021 $	2020 $
- bank overdraft	10,589	-
- unsecured loans	10	10
	10,599	10

Bank overdraft

The company has an approved overdraft limit of $50,000 which was drawn down to $10,589. The company has $39,411 overdraft remaining before exceeding the approved limited or required to re-negotiate the terms.

Interest is recognised using the effective interest method, currently 2.01%

b) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021		30 June 2020	
			Face value	Carrying value	Face value	Carrying value
Bank overdraft	2.01%	Floating	10,589	10,589	-	-

Note 22 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.46%.

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

The company's lease portfolio includes:

- St Helens Branch — The lease agreement commenced in February 2018. The company has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is January 2033.
- Motor vehicle — The lease agreement is a non-cancellable term of five years which will end in November 2022. The lease includes a balloon payment at which time the registered security over the motor vehicles is removed.

Note 22 Lease liabilities *(continued)*

a) Current lease liabilities	2021 $	2020 $
Property lease liabilities	31,647	31,750
Unexpired interest	(12,359)	(13,242)
	19,288	18,508
Motor Vehicle lease liabilities	3,472	3,472
Unexpired interest	(399)	(533)
	3,073	2,939
	22,361	21,447

b) Non-current lease liabilities

Property lease liabilities	334,934	367,776
Unexpired interest	(68,337)	(80,960)
	266,597	286,816
Motor Vehicle lease liabilities	7,594	11,066
Unexpired interest	(164)	(523)
	7,430	10,543
	274,027	297,359

c) Reconciliation of lease liabilities

Balance at the beginning	318,806	16,292
Initial recognition on AASB 16 transition	-	274,152
Remeasurement adjustments	(1,026)	47,326
Lease interest expense	13,736	13,456
Lease payments - total cash outflow	(35,128)	(32,420)
	296,388	318,806

d) Maturity analysis

- Not later than 12 months	35,119	35,222
- Between 12 months and 5 years	134,183	138,068
- Greater than 5 years	208,345	240,774
Total undiscounted lease payments	377,647	414,064
Unexpired interest	(81,259)	(95,258)
Present value of lease liabilities	296,388	318,806

Note 23 Provisions

a) Non-current liabilities

	2021 $	2020 $
Make-good on leased premises	2,986	2,856

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as at $5,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 January 2033 at which time it is expected the face-value costs to restore the premises will fall due.

Note 24 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	6,942	18,592

b) Non-current liabilities

	2021 $	2020 $
Provision for long service leave	2,125	970

c) Key judgement and assumptions

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 25 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	760,851	760,851	760,851	760,851
Less: equity raising costs	-	(36,479)	-	(36,479)
	760,851	724,372	760,851	724,372

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Note 25 Issued capital *(continued)*

Ordinary shares (continued)

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 257. As at the date of this report, the company had 285 shareholders (2020: 285 shareholders).

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

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

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

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

Note 26 Accumulated losses

	2021 $	2020 $
Balance at beginning of reporting period	(349,098)	(232,342)
Net loss after tax from ordinary activities	(85,890)	(97,451)
Adjustment for transition to AASB 16	-	(19,305)
Balance at end of reporting period	(434,988)	(349,098)

Note 27 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net loss after tax from ordinary activities	(85,890)	(97,451)
Adjustments for:		
- Depreciation	44,068	42,005
- Amortisation	26,214	26,214
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	2,837	(4,351)
- (Increase)/decrease in other assets	(19,067)	(30,152)
- Increase/(decrease) in trade and other payables	7,573	(13,501)
- Increase/(decrease) in employee benefits	(10,495)	4,043
- Increase/(decrease) in provisions	130	125
Net cash flows used in operating activities	(34,630)	(73,068)

Note 28 Financial instruments

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

Financial assets	Note	2021 $	2020 $
Cash and cash equivalents	13	15,900	61,372
Trade and other receivables	15	24,517	23,659
		40,417	85,031
Financial liabilities			
Trade and other payables	20	35,816	28,244
Bank overdrafts	21	10,589	-
Unsecured bank loans	21	10	10
Lease liabilities	22	296,388	42,894
		342,803	71,148

Note 29 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	1,000	1,300
- General advisory services	2,520	3,350
- Share registry services	1,900	1,900
Total auditor's remuneration	10,420	11,350

Note 30 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Andrew Donald MacGregor
David Edward Llewellyn
Roger William Harrison Harlow
Christopher Frederick Triebe
Sandra Maree Lohrey
Annette Elizabeth Maney
Stephen John Walley
Lee Stephen bedford
Garry Colin Pannan
Tyler Owen Birch

b) Key management personnel compensation

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

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

c) Related party transactions

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

Note 31 Earnings per share

a) Basic and diluted earnings per share

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

	2021 $	2020 $
Loss attributable to ordinary shareholders	(85,890)	(97,451)
	Number	Number
Weighted-average number of ordinary shares	760,851	760,851
	Cents	Cents
Basic and diluted loss per share	(11.29)	(12.81)

Note 32 Commitments

a) Other commitments

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

Note 33 Subsequent events

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

Directors' declaration

In accordance with a resolution of the directors of Break O'Day Community Financial Services Ltd, we state that:

In the opinion of the directors:

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

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

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

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

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

Andrew Donald MacGregor, Chairman

Dated this 24th day of September 2021

Independent audit report

61 Bull Street
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03 5443 0344

Independent auditor's report to the Directors of Break O'Day Community Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Break O'Day Community Financial Services Ltd's (the company), which comprises:

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

In our opinion, the accompanying financial report of Break O'Day Community Financial Services Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Partners in success
Chartered Accountants

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Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss after tax of $85,890 during the year ended 30 June 2021, further reducing the company's net assets to $289,384. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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.

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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.

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

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Bendigo Bank

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