

2021

Annual Report

**Bunyip & District
Community Enterprises
Limited**

ABN 42 124 125 515



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Chairman's report

For year ending 30 June 2021

Firstly, as Chair of the Bunyip & District Community Enterprises Limited (BDCE) Board and on behalf of all the team at Community Bank Bunyip & District we hope you, your family and friends are all okay.

At the time of last year's AGM, we were thinking COVID-19 was nearly behind us. One would never have forecast that we would be still battling COVID-19 as we roll through numerous lockdowns and restrictions. And yet the last 12 months is now very much in the past and we are still in the grips of a global pandemic.

We have continued to see our customers move from face-to-face to more digital and online services, with the shift being accelerated by the COVID-19 restrictions.

The branch site has maintained a COVID-19 safe operating environment and we thank all the customers and staff for their commitment, understanding and compliance.

Most of the Board meetings and related subcommittee meetings have been via online video conferencing and, in many cases, have run as effectively as face-to-face meetings.

The financial environment of extremely low ongoing interest rates has resulted in low margins. This has continued to produce minimal profit or even small losses in some months. Director Leanne James, has continued to deep dive each month into the Volume of Business verses Margin by banking product, identifying that BDCE total footings are still very biased to deposits and the need to continue to focus on growing banking products in lending, refinance and insurance. There has been strong growth in lending over the reporting period.

Despite the overall loss for the reporting period, the Board remains confident that with a continued focus on lending and refinancing by the Community Bank Bunyip & District team and support from Directors, BDCE can return to profitable times.

The Marketing subcommittee under the coordination of Vanessa Kent and Marketing & Social Media Officer Erin Polson have continued to advance the 'Local Business Directory', updated and issued every quarter via hardcopy to each township and via social media. Erin has also maintained very effective communications and promotions through the social media channels.

The Board and Branch Manager continued to refine the Strategic Plan develop by director Chris Rieniets, into Business and Community Development objectives, however COVID-19 made it near impossible to engage with community clubs and groups in the past 12 months.

In parallel, Bendigo and Adelaide Bank Limited (BEN) kicked off a 'Transformation' project to drive efficiencies and provide more effective products.

The Board saw this as a great opportunity to refresh our Strategic plan from 2019/20. With the help of BEN Regional Manager – Gerry Marvin, facilitating a five-hour workshop, with the Directors and Branch Manager – Nicole Morris, creating an updated Strategic plan, flexible and fit for purpose.

We continue to receive communications from BEN and the Community Bank National Council (CBNC) to embrace change in branch operating, Community engagement and partnerships and adapt to customer (existing and new) needs in order to remain competitive.

The Strategic Plan is now a set agenda item at each and every Board meeting.

Chairman's report (continued)

Community Bank staff update

In May and June, the Board experienced a number of branch staff changes as follows:

- Kat Gourley – Customer Relationship Officer (CRO) resigned to pursue supporting a family business and other financial services
- Anne Elliot – Customer Relationship Officer (CRO) unfortunately had a fall and seriously injured herself and will be off work for a considerable time.
- Megan Mathisen – Customer Service Officer (CSO) resigned to pursue other work
- Nicole Morris – Branch Manager, resigned to take up a role with Rural Bank in South West Gippsland.

Firstly, the Board sincerely thanks the three departing staff for their support and contribution to the success of Community Bank Bunyip & District and wishes Anne a speedy recovery.

With a shortage of staff, the Board worked with Regional Manager Gerry Marvin to engage staff from BEN Corporate branches and local Community Banks to provide staff to allow Community Bank Bunyip & District to remain open. As a result, the branch was only closed for a few days, which was communicated through our social media.

A big thank you to Nicole Jessup (CSO), our remaining staff member (with regular support from Jenny Cooper and Brenda Watts), for supporting the branch through this difficult period.

With the lead from Gerry and BEN State Manager, the Board urgently advertised the vacancies and were successful in attracting new staff as follows:

- Branch Manager – Rik Foster. Extensive experience in Banking and Finance streams
- CSO – Brenda Watts. Transferred from BEN Corporate (Pakenham branch). Brenda had worked at Bunyip some years ago
- CROs – Gwen Smith and Mark Harvey. Bring lots of experience in Banking and lending.

Both Rik and Gwen will need to undertake extensive training over the coming months in Bendigo Bank procedures and compliance, so we ask for your support and understanding as they complete this process.

The new Community Bank Bunyip & District team will continue to undertake training and upskilling to adapt to new banking processes as the banking environment travels an accelerated path of change.

Branch opening hours

With reduced face-to-face Community Bank Bunyip & District customers and operating effectiveness, the Board reviewed and agreed to reduce opening hours as follows, so as to provide more time in the future to serving customers out of branch.

Effective 1 July 2021 – Monday to Friday:

- Opening from 10.00am to 12.30pm
- Closed for lunch every day from 12.30pm to 1.30pm
- Opening from 1.30pm to 4.00pm

Director update

The Board consists of myself as Chair, Jim Fitzpatrick as Treasurer/Company Secretary, along with fellow Directors Chris Kelly, Neil Matthews, Shae Ford, Leanne James, Steve Green and Chris Rieniets, with Erin Polson as Marketing/Social Media and Board Administrator Officer.

Due to work and community commitments Marketing Director Vanessa Kent resigned from the Board in May 2021. We sincerely thank Vanessa for her dedication and proactive energy in reshaping the Board focus and in particular the Marketing space.

Chairman's report (continued)

We are pleased to have Paul Scanlon from Bunyip join the BDCE Board in November 2020 as a new Director. Paul brings a lot of experience in finance and has already made some significant changes to reduce BDCE operating costs and provide business growth opportunities.

The Board is yet to appoint a replacement Vice Chair and Marketing Director. This is of great concern to the Chair and does signal a risk to the BDCE Board's continuity and lack of energy for succession planning.

Community initiatives

With very limited Sponsorship funding, the Board proposed to run a 'Pitch' event, where community clubs and groups could come together and present their proposal for sponsorship, even though many were not operating due to COVID-19. After a number of 'Pitch' event dates being cancelled, the Board decided to award sponsorship based on the initial sponsorship application.

Community Bank model

We continue to work closely with our partner, Bendigo and Adelaide Bank Limited, Central and Regional support teams and other Community Banks on ways to improve the customer experience and return our company to profitable times.

We ask our 279 shareholders to be ambassadors for our Community Bank Bunyip & District and take the time to help us to grow the business, which ultimately benefits the community with a greater pool of funds to distribute to community groups and projects.

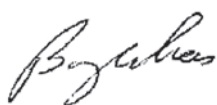
We encourage you to share our updates and increase community awareness of our branch and educate our communities on the Community Bank model.

The last 12 months has been a very challenging market with continued low margins, changing customer activities with COVID-19 and a new branch team.

These conditions have resulted in the BDCE making an after tax loss of \$25,241 for the year ended 30 June 2021. As a consequence, the Board of BDCE has regretfully decided that it will not offer a Community Investment Program or pay a dividend to shareholders this year.

To finish on a positive note, remember that the more business that goes through our Community Bank, the more we can contribute back to the many community and local clubs and groups in our towns and surrounding areas.

Stay safe and check your family and friends "RU OK?".



Barry Crees
Chair

Managers' reports

For year ending 30 June 2021

Shortly after the end of the year, Branch Manager Nicole Morris transferred to another position within the Bendigo group and was replaced by Rik Foster. Here, Nicole reflects on the year and Rik looks forward to the challenges ahead.

This is my final report as the Branch Manager of Community Bank Bunyip & District. I would like to thank the Board for their support for the three years while I was part of the team. I would also like to extend my thanks to the team for working towards the common goal of continuing to support our local communities.

2021 certainly delivered another rollercoaster for the team with COVID-19 restrictions impacting on the way we were able to interact with our customers on a daily basis. Seeing your smiling faces come in when you could definitely made the job easier.

We saw several staff changes with Kat Gourley, Megan Mathisen and myself moving on to explore the new opportunities that presented themselves, Nic Jessup and Anne Elliot remain with the team. I appreciate the input that each of the girls had to the team and to the relationships they built over the past 12 months.

We had limited ability to participate in community activities (as they simply didn't happen). However, we established a Community Corner in the branch, with displays by the local CFA, the Garfield Community Garden and the St Vinnies Winter Appeal. Not only was it great to host these community groups, the added splash of colour certainly brightened things up.

As always, we would have no reason to open our doors if not for our customers and I would like to thank each and every one of you for your ongoing support for our local business.

All the best for the future.



Nicole Morris
Departing Branch Manager

Managers' reports (continued)

My name is Rik Foster and I joined Community Bank Bunyip & District in July 2021 as the Branch Manager.

In my life's rear-view mirror sits over 20 years of banking industry experience with a great many of those years spent as Home Lender and a Branch Manager. In addition to those years in the 'coal face' of banking lies another 15 years working in an industrial relations capacity with key finance industry stakeholders including the major 4 banks, Industry Super Funds and Insurance providers.

We have recruited three staff to fill the vacancies – Brenda Watts, Gwen Smith and Mark Harvey. Together they bring many years of banking experience and I am confident the new team will provide you, our customers, with a superior banking experience.

For myself, the Branch Manager role at Bunyip is filled with a real sense of purpose. There is a genuine positive enthusiasm for the vision shared by the Bunyip & District Community Enterprises Limited Board and Bendigo and Adelaide Bank Limited as a whole. Particularly as we look towards future objectives and further expanding our key place of relevance within the local community and the Australian financial marketplace.

As the new Community Bank Bunyip & District team and I start to look forward to further deepening the ties and relationships that have been forged through the community to date, I would like to acknowledge the efforts of the previous Branch Manager Nicole Morris and her team for their approach and diligence to the daily operation of Community Bank Bunyip & District.

The Community Bank model is a uniquely Australian banking model in that it supports and adds value back to the local community in which it operates. The support that is provided to the community is a two-way street. It could not exist without customers choosing to support the 'bigger picture' by supporting the branch with their banking business.

To close off my first Branch Manager's report I encourage you all to speak to your family, friends, and associates about your Community Bank as we are not 'just another bank' - now has never been a better time to give your bank the opportunity of your business.



Rik Foster
Branch Manager

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:

Barry Kenneth Crees

Chair

Occupation: Retired from full time work. Part time Beef Farmer

Qualifications, experience and expertise: Retired in November 2015 after a very rewarding career of 36 years in Australian and New Zealand Automotive Industry Aftermarket. Career covered Industrial Engineering, Safety Engagement and Deployment, Audit Compliance, Supply Chain, Warehousing, Logistics, Packaging, Industrial Relations, QA, major IT Projects, Prep and Execution of Operating and Logistics Budgets & numerous International Projects. As a senior Manager, successfully lead and managed Australian Aftermarket Operations and Logistics to 'best in class' on Global benchmarks. Now enjoying, working on a number of community projects – Board Chair of Bunyip & District Community Bank, and member of associated sub committees of Marketing & Business Planning and HR, representing Gippsland Community Banks on the BEN Regional Victorian Marketing Committee, supporting Bunyip Bushfire Recovery with Cardinia Shire Council as Chair of the West Gippsland Progress Association Inc, promoting Farmer mentoring, Regenerative Agriculture, Destination West Gippsland and local small business Food & Tourism. Special responsibilities: Chair of Board, lead director for HR, Property & Assets and member of Marketing & Business Development sub committees.

Interest in shares: nil share interest held

James Joseph Fitzpatrick

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Bachelor of Science, over 30 years experience managing and advising the operators of medium and large employer sponsored superannuation funds.

Special responsibilities: Secretary & Treasurer

Interest in shares: 5,001 ordinary shares

Christine Anne Kelly

Non-executive director

Occupation: Accounting / Farming

Qualifications, experience and expertise: Bachelor of Business (Acc) Monash. Over 25 years experience in Management & Cost Accounting. 11 Years Alpaca Husbandry. President & Treasurer Bunyip Hall Committee: Director Hillview Aged Care; President of 3815 Inc.; Vice President of Victorian Eastern Region of Australian Alpaca Association; President / Treasurer Bunyip & District Carols by Candlelight; Co-Ordinator of Bunyip & District Australia Day Celebrations; Member of Bunyip Singers, Bunyip Agricultural Society, Bunyip Historical Society & Bunyip RSL.

Special responsibilities: Finance & Audit Committee, Sponsorship Committee, HR Committee

Interest in shares: 8,001 ordinary shares

Directors' report (continued)

Directors (continued)

Neil Michael Matthews

Non-executive director

Occupation: Company Director

Qualifications, experience and expertise: I have a current 20 year plus position as Executive Finance Director of a health information company run by myself and my wife, Louise. A cabinet maker by trade, reskilled many years ago and I am accredited in aged care and health information documentation. Have extensive experience in ISO accreditation and documentation security. I have held many committee positions over the years, not only in local community groups but also in the classic car movement which I have an interest both locally and internationally as a chief judge. My wife and I are Maryknoll residents of 16 years and I am currently the President of the Maryknoll Progress Association, Member of the Father Pooley Memorial Hall Committee in Maryknoll and also a Back Creek Landcare Group member. I have a strong commitment to supporting the local community in Maryknoll.

Special responsibilities: Nil

Interest in shares: nil share interest held

Shae Ardell Ford

Non-executive director

Occupation: Marketing and Graphic Design Specialist

Qualifications, experience and expertise: Shae has a background of more than 20 years' experience in marketing, design and project management within various industries including Investment Banking, Market Research, Publishing, Media, Non-Profit, Exhibitions and Trade Fairs, Education, Retail, Wholesale, and Finance; both in Australia and the UK. Shae has extensive experience in market research and data analysis (both qualitative and quantitative), and has proven ability in developing and communicating marketing strategies. In July 2012 after 5 years working in London, Shae returned to Melbourne with her South African partner and started a marketing and design company, 'SAF Creative Design', and now operates her business alongside her various community volunteer work since moving to Bunyip in 2013. She was Editor of the Bunyip & District Community Newsletter since July 2016, resigning in April 2019. Shae is a current member of the Pakenham Pony Rescue Organisation and Bunyip & District Community House since May 2019. Shae is dedicated to helping create a vibrant community and ensuring it continues to flourish for all residents.

Special responsibilities: Nil

Interest in shares: nil share interest held

Leanne Maree James

Non-executive director

Occupation: Accountant CPA

Qualifications, experience and expertise: Bachelor of Business - Accounting, Certified Practicing Accountant. Currently run my own business "Target Measure Grow" that provides CFO and Management Accounting Services to small and medium sized companies to help them understand their numbers, improve cash flow and help their business grow. Prior to that had been an accountant for over 25 years for Corporates to small business. I have a young family, currently part of the St James Playgroup and NNG Kindergarten and will be involved with local Schools and Sporting Clubs over the coming years.

Special responsibilities: Finance and Audit Committee

Interest in shares: nil share interest held

Stephen Douglas Green

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Royal Australian Airforce: engineering. Health Insurance Commission: purchasing, recruitment, business analyst and audit. Wormald Security: field supervisor. Boral and Hanson: earthmoving, construction and transport contractor. Import/export wholesale fashion accessories company: CEO. Skills: business, leadership, teamwork, interpersonal, professional, computer, administration and life experiences. Education: Mechanical Engineer, management, supervision, marketing, investigations, computer and administration.

Special responsibilities: Marketing Committee

Interest in shares: nil share interest held

Directors' report (continued)

Directors (continued)

Christopher James Rieniets

Non-executive director

Occupation: Director, CEO

Qualifications, experience and expertise: Qualifications include MBA (Finance, International Business) Deakin; International Business - ASIA, Kolobatsu College Malaysia, 1995. Fellow Williamson Community Leadership Program (WCLP); Fellow of the Australian Institute of Energy (FAIE). Experience in Risk Management and Compliance, Project Management, Marketing and Strategic planning. A seasoned utility professional, providing energy and carbon management support to Government and leading Australian businesses. Active participation and management within the agricultural sector, including Dairy, Beef and Equine operations. A life-long Gippslander, with active participation within sporting communities. Member of Ministerial Task Force (MAP) - Latrobe City 2005. Board Member - Westside Circus 2005 - Building community resilience. Member of the industry advisory panel to the department of Environment, Land, Water and Planning (DELWP). Victorian Energy Efficient Target (VEET) scheme - 2018/19.

Special responsibilities: Nil

Interest in shares: nil share interest held

Paul Anthony Scanlon

Non-executive director (appointed 18 November 2020)

Occupation: Commercial Manager

Qualifications, experience and expertise: Bachelor of Business (Accounting/Banking & Finance), Chartered Accountant. Held a number of executive roles at Pakenham Racing Club (tenure 9 years). Currently CEO/CFO at Radfords in Warragul. Grew up and resides in West Gippsland. Volunteer Treasurer of local charity Frankies Community Kitchen.

Special responsibilities: Finance and Audit Committee

Interest in shares: nil share interest held

Vanessa Clare Kent

Non-executive director (resigned 5 July 2021)

Occupation: Business Support Officer

Qualifications, experience and expertise: Vanessa has over 30 years' experience in the financial services industry, primarily in the insurance claims and loss adjusting arena where she held a variety of senior technical, operational business development, managerial and board positions in both the UK and Australia. A career change in 2015 has enabled Vanessa to become actively involved in the local community and is Secretary of Bunyip Tennis Club and the WGTA Ladies Tennis Competition.

Special responsibilities: Marketing Committee, HR 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 James Fitzpatrick. James was appointed to the position of secretary on 31 October 2012.

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.

Directors' report (continued)

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
(25,241)	9,214

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Barry Kenneth Crees	-	-	-
James Joseph Fitzpatrick	5,001	-	5,001
Christine Anne Kelly	8,001	-	8,001
Neil Michael Matthews	-	-	-
Shae Ardell Ford	-	-	-
Leanne Maree James	-	-	-
Stephen Douglas Green	-	-	-
Christopher James Rieniets	-	-	-
Paul Anthony Scanlon	-	-	-
Vanessa Clare Kent	-	-	-

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 company's financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' report (continued)

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

E - eligible to attend

A - number attended

Barry Kenneth Crees
James Joseph Fitzpatrick
Christine Anne Kelly
Neil Michael Matthews
Shae Ardell Ford
Leanne Maree James
Stephen Douglas Green
Christopher James Rieniets
Paul Anthony Scanlon
Vanessa Clare Kent

Board Meetings		Committee Meetings			
		Finance & Audit		Marketing & Business Planning	
<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>
11	11	-	-	11	11
11	11	2	2	-	-
11	9	2	1	11	5
11	7	-	-	-	-
-	-	-	-	-	-
11	9	2	2	-	-
11	9	-	-	11	8
11	8	-	-	-	-
6	6	2	2	-	-
10	7	-	-	10	10

Proceedings on behalf of the company

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

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

Directors' report (continued)

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 26 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Finance and Audit Committee, 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 Finance and Audit Committee to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

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

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



Barry Kenneth Crees, Chair

Dated this 29th 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 Bunyip & District Community Enterprises Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 September 2021

Adrian Downing
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	468,641	539,958
Other revenue	9	23,542	35,000
Finance income	10	1,044	3,445
Employee benefit expenses	11c)	(350,241)	(343,015)
Charitable donations, sponsorship, advertising and promotion		(22,425)	(33,934)
Occupancy and associated costs		(23,588)	(25,580)
Systems costs		(18,583)	(19,601)
Depreciation and amortisation expense	11a)	(35,313)	(36,339)
Finance costs	11b)	(10,482)	(16,186)
General administration expenses		(65,000)	(88,471)
Profit/(loss) before income tax (expense)/credit		(32,405)	15,277
Income tax (expense)/credit	12a)	7,164	(6,063)
Profit/(loss) after income tax (expense)/credit		(25,241)	9,214
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(25,241)	9,214
Earnings per share		¢	¢
- Basic and diluted earnings/(loss) per share:	29a)	(3.74)	1.37

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	236,302	244,026
Trade and other receivables	14a)	23,783	35,353
Current tax assets	18a)	9,371	1,648
Total current assets		269,456	281,027
Non-current assets			
Property, plant and equipment	15a)	153,106	161,118
Right-of-use assets	16a)	154,568	171,995
Intangible assets	17a)	13,219	26,445
Deferred tax asset	18b)	30,830	31,412
Total non-current assets		351,723	390,970
Total assets		621,179	671,997
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	40,464	30,117
Lease liabilities	20a)	19,015	13,853
Total current liabilities		59,479	43,970
Non-current liabilities			
Trade and other payables	19b)	-	15,452
Lease liabilities	20b)	232,152	262,842
Provisions	21a)	22,368	17,312
Total non-current liabilities		254,520	295,606
Total liabilities		313,999	339,576
Net assets		307,180	332,421
EQUITY			
Issued capital	22a)	656,044	656,044
Accumulated losses	23	(348,864)	(323,623)
Total equity		307,180	332,421

The accompanying notes form part of these financial statements

Financial statements (continued)

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

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019		656,044	(312,587)	343,457
Total comprehensive income for the year		-	9,214	9,214
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(20,250)	(20,250)
Balance at 30 June 2020		656,044	(323,623)	332,421
Balance at 1 July 2020		656,044	(323,623)	332,421
Total comprehensive income for the year		-	(25,241)	(25,241)
Balance at 30 June 2021		656,044	(348,864)	307,180

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		538,657	630,882
Payments to suppliers and employees		(499,754)	(573,613)
Interest received		1,566	2,578
Lease payments (interest component)	11b)	(9,693)	(15,277)
Lease payments not included in the measurement of lease liabilities	11d)	(6,568)	(6,573)
Income taxes received/(paid)		22	(1,175)
Net cash provided by operating activities	24	24,230	36,822
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,625)
Payments for intangible assets		(14,047)	(14,047)
Net cash used in investing activities		(14,047)	(15,672)
Cash flows from financing activities			
Lease payments (principal component)		(17,907)	(12,323)
Dividends paid	28a)	-	(20,250)
Net cash used in financing activities		(17,907)	(32,573)
Net cash decrease in cash held		(7,724)	(11,423)
Cash and cash equivalents at the beginning of the financial year		244,026	255,449
Cash and cash equivalents at the end of the financial year	13	236,302	244,026

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

Registered Office	Principal Place of Business
5 High Street Bunyip VIC 3815	18 Main Street Bunyip VIC 3815

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 27.

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 29 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

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.

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

Notes to the financial statements (continued)

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:

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Notes to the financial statements (continued)

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

Discretionary financial contributions

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

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

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

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo 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 franchisee 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.

Notes to the financial statements (continued)

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

c) Economic dependency - Bendigo Bank (*continued*)

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.

d) Employee benefits

Bendigo Bank seconded employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

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.

Notes to the financial statements (continued)

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

e) Taxes (*continued*)

Deferred tax

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

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

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

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

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	40 years
Furniture, fixtures and fittings	Diminishing value	6 to 7 years
Motor vehicles	Diminishing value	4 years

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

Notes to the financial statements (continued)

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

h) Intangible assets

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

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

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

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

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

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

i) Financial instruments

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

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

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

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

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.

Notes to the financial statements (continued)

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

j) Impairment (*continued*)

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

As a lessee

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

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

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

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

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

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

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.

Notes to the financial statements (continued)

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

m) Leases (*continued*)

As a lessee (continued)

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 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:

<u>Note</u>	<u>Judgement</u>
- Note 20 - 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.

Notes to the financial statements (continued)

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:

<u>Note</u>	<u>Assumptions</u>
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - 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.

Notes to the financial statements (continued)

Note 6 Financial risk management (*continued*)

b) Liquidity risk (*continued*)

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

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	251,167	27,600	110,400	165,600
Trade and other payables	40,464	40,464	-	-
	<u>291,631</u>	<u>68,064</u>	<u>110,400</u>	<u>165,600</u>

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	276,695	28,428	119,785	232,842
Trade and other payables	45,569	30,117	15,452	-
	<u>322,264</u>	<u>58,545</u>	<u>135,237</u>	<u>232,842</u>

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of \$236,302 at 30 June 2021 (2020: \$244,026). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Notes to the financial statements (continued)

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 monitors 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	390,124	458,960
- Fee income	38,323	41,392
- Commission income	40,194	39,606
	<u>468,641</u>	<u>539,958</u>

Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	<u>23,542</u>	<u>35,000</u>

Note 10 Finance income

	2021 \$	2020 \$
- Term deposits	<u>1,044</u>	<u>3,445</u>

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

Notes to the financial statements (continued)

Note 11 Expenses

a) Depreciation and amortisation expense	2021	2020
	\$	\$
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	5,415	5,412
- Plant and equipment	575	672
- Motor vehicles	2,022	2,700
	<u>8,012</u>	<u>8,784</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	<u>14,075</u>	<u>14,333</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,206	2,203
- Franchise renewal process fee	11,020	11,019
	<u>13,226</u>	<u>13,222</u>
Total depreciation and amortisation expense	<u>35,313</u>	<u>36,339</u>
b) Finance costs		
- Lease interest expense	9,693	15,277
- Unwinding of make-good provision	789	909
	<u>10,482</u>	<u>16,186</u>
Finance costs are recognised as expenses when incurred using the effective interest rate.		
c) Employee benefit expenses	2021	2020
	\$	\$
Wages and salaries	279,806	299,071
Non-cash benefits	3,990	5,141
Contributions to defined contribution plans	28,363	27,827
Expenses related to long service leave	2,784	485
Other expenses	35,298	10,491
	<u>350,241</u>	<u>343,015</u>
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	<u>6,568</u>	<u>6,573</u>

Notes to the financial statements (continued)

Note 12 Income tax expense

a) Amounts recognised in profit or loss	2021 \$	2020 \$
<i>Current tax expense/(credit)</i>		
- Current tax	-	3,318
- Future income tax benefit attributable to losses	(7,482)	-
- Movement in deferred tax	(915)	(31,776)
- Adjustment to deferred tax on AASB 16 retrospective application	-	32,751
- Reduction in company tax rate	1,233	1,770
	<u>(7,164)</u>	<u>6,063</u>
b) <i>Prima facie</i> income tax reconciliation		
Operating profit/(loss) before taxation	(32,405)	15,277
Prima facie tax on profit/(loss) from ordinary activities at 26% (2020: 27.5%)	(8,425)	4,201
Tax effect of:		
- Non-deductible expenses	28	92
- Temporary differences	915	(975)
- Movement in deferred tax	(915)	(31,776)
- Leases initial recognition	-	32,751
- Reduction in company tax rate	1,233	1,770
	<u>(7,164)</u>	<u>6,063</u>

Note 13 Cash and cash equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	68,790	78,284
- Term deposits	167,512	165,742
	<u>236,302</u>	<u>244,026</u>

Note 14 Trade and other receivables

a) Current assets	2021 \$	2020 \$
Trade receivables	16,837	12,126
Prepayments	6,272	5,896
Other receivables and accruals	674	17,331
	<u>23,783</u>	<u>35,353</u>

Notes to the financial statements (continued)

Note 15 Property, plant and equipment

a) Carrying amounts	2021	2020
	\$	\$
<i>Leasehold improvements</i>		
At cost	216,603	216,603
Less: accumulated depreciation	(74,454)	(69,039)
	<u>142,149</u>	<u>147,564</u>
<i>Plant and equipment</i>		
At cost	9,769	9,769
Less: accumulated depreciation	(4,883)	(4,308)
	<u>4,886</u>	<u>5,461</u>
<i>Motor vehicles</i>		
At cost	35,172	35,172
Less: accumulated depreciation	(29,101)	(27,079)
	<u>6,071</u>	<u>8,093</u>
Total written down amount	<u>153,106</u>	<u>161,118</u>
b) Reconciliation of carrying amounts		
<i>Leasehold improvements</i>		
Carrying amount at beginning	147,564	152,976
Depreciation	(5,415)	(5,412)
	<u>142,149</u>	<u>147,564</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	5,461	4,508
Additions	-	1,625
Depreciation	(575)	(672)
	<u>4,886</u>	<u>5,461</u>
<i>Motor vehicles</i>		
Carrying amount at beginning	8,093	10,793
Depreciation	(2,022)	(2,700)
	<u>6,071</u>	<u>8,093</u>
Total written down amount	<u>153,106</u>	<u>161,118</u>
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.

Notes to the financial statements (continued)

Note 16 Right-of-use assets

a) Carrying amounts	2021 \$	2020 \$
<i>Leased land and buildings</i>		
At cost	354,971	358,323
Less: accumulated depreciation	(200,403)	(186,328)
Total written down amount	<u>154,568</u>	<u>171,995</u>
b) Reconciliation of carrying amounts		
<i>Leased land and buildings</i>		
Carrying amount at beginning	171,995	-
Initial recognition on transition	-	358,323
Accumulated depreciation on adoption	-	(171,995)
Remeasurement adjustments	(3,352)	-
Depreciation	(14,075)	(14,333)
Total written down amount	<u>154,568</u>	<u>171,995</u>

Note 17 Intangible assets

a) Carrying amounts	2021 \$	2020 \$
<i>Franchise fee</i>		
At cost	90,239	90,240
Less: accumulated amortisation	(88,037)	(85,832)
	<u>2,202</u>	<u>4,408</u>
<i>Franchise renewal process fee</i>		
At cost	55,093	55,093
Less: accumulated amortisation	(44,076)	(33,056)
	<u>11,017</u>	<u>22,037</u>
Total written down amount	<u>13,219</u>	<u>26,445</u>
b) Reconciliation of carrying amounts		
<i>Franchise fee</i>		
Carrying amount at beginning	4,408	6,611
Amortisation	(2,206)	(2,203)
	<u>2,202</u>	<u>4,408</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	22,037	33,056
Amortisation	(11,020)	(11,019)
	<u>11,017</u>	<u>22,037</u>
Total written down amount	<u>13,219</u>	<u>26,445</u>

Notes to the financial statements (continued)

Note 17 Intangible assets (continued)

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 18 Tax assets and liabilities

a) Current tax	2021 \$	2020 \$
Income tax refundable	(9,371)	(1,648)
b) Deferred tax		
<i>Deferred tax assets</i>		
- expense accruals	811	-
- make-good provision	5,592	4,501
- lease liability	62,792	71,941
- carried-forward tax losses	446	-
Total deferred tax assets	69,641	76,442
<i>Deferred tax liabilities</i>		
- income accruals	169	311
- right-of-use assets	38,642	44,719
Total deferred tax liabilities	38,811	45,030
Net deferred tax assets (liabilities)	30,830	31,412
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(582)	(2,019)
Movement in deferred tax charged to Statement of Changes in Equity	-	32,751

Note 19 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	6,259	4,255
Other creditors and accruals	34,205	25,862
	40,464	30,117
b) Non-current liabilities		
Trade creditors	-	15,452

Notes to the financial statements (continued)

Note 20 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5.39%. Subsequent lease modifications were discounted at 3.54%.

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

The company's lease portfolio includes:

- Bunyip branch The lease agreement commenced in July 2007. 5 year renewal options were exercised in July 2012 and 2017. 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 June 2032.

a) Current lease liabilities	2021	2020
	\$	\$
Property lease liabilities	27,600	28,428
Unexpired interest	(8,585)	(14,575)
	<u>19,015</u>	<u>13,853</u>
 b) Non-current lease liabilities		
Property lease liabilities	276,000	352,627
Unexpired interest	(43,848)	(89,785)
	<u>232,152</u>	<u>262,842</u>
 c) Reconciliation of lease liabilities		
Balance at the beginning	276,695	-
Initial recognition on AASB 16 transition	-	289,018
Remeasurement adjustments	(7,621)	-
Lease interest expense	9,693	15,277
Lease payments - total cash outflow	(27,600)	(27,600)
	<u>251,167</u>	<u>276,695</u>
 d) Maturity analysis		
- Not later than 12 months	27,600	28,428
- Between 12 months and 5 years	110,400	119,785
- Greater than 5 years	165,600	232,842
Total undiscounted lease payments	<u>303,600</u>	<u>381,055</u>
Unexpired interest	(52,433)	(104,360)
Present value of lease liabilities	<u>251,167</u>	<u>276,695</u>

Notes to the financial statements (continued)

Note 21 Provisions

a) Non-current liabilities

	2021 \$	2020 \$
Make-good on leased premises	22,368	17,312

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be \$33,000 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 30 June 2032 at which time it is expected the face-value costs to restore the premises will fall due.

Note 22 Issued capital

a) Issued capital

	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	675,009	675,009	675,009	675,009
Less: equity raising costs	-	(18,965)	-	(18,965)
	675,009	656,044	675,009	656,044

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

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*.

Notes to the financial statements (continued)

Note 22 Issued capital (*continued*)

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

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

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

Note 23 Accumulated losses

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		(323,623)	(226,245)
Adjustment for transition to AASB 16		-	(86,342)
Net profit (loss) after tax from ordinary activities		(25,241)	9,214
Dividends provided for or paid	28a)	-	(20,250)
Balance at end of reporting period		<u>(348,864)</u>	<u>(323,623)</u>

Notes to the financial statements (continued)

Note 24 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit (loss) after tax from ordinary activities	(25,241)	9,214
Adjustments for:		
- Depreciation	22,087	23,117
- Amortisation	13,226	13,222
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	11,571	(16,110)
- (Increase)/decrease in other assets	(7,142)	5,830
- Increase/(decrease) in trade and other payables	8,940	641
- Increase/(decrease) in provisions	789	908
Net cash flows provided by operating activities	<u>24,230</u>	<u>36,822</u>

Note 25 Financial instruments

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

	Note	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	13	68,790	78,284
Term deposits	13	167,512	165,742
Trade and other receivables	14	23,783	35,353
		<u>260,085</u>	<u>279,379</u>
Financial liabilities			
Trade and other payables	19	40,464	45,569
Lease liabilities	20	251,167	276,695
		<u>291,631</u>	<u>45,569</u>

Note 26 Auditor's remuneration

	2021 \$	2020 \$
Amount received or due and receivable by the auditor of the company for the financial year.		
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- General advisory services	2,460	1,970
Total auditor's remuneration	<u>7,460</u>	<u>6,770</u>

Notes to the financial statements (continued)

Note 27 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Barry Kenneth Crees
James Joseph Fitzpatrick
Christine Anne Kelly
Neil Michael Matthews
Shae Ardell Ford
Leanne Maree James
Stephen Douglas Green
Christopher James Rieniets
Paul Anthony Scanlon
Vanessa Clare Kent

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 28 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	-	-	3.00	20,250

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

Notes to the financial statements (continued)

Note 28 Dividends provided for or paid (continued)

b) Franking account balance	2021	2020
	\$	\$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	15,506	20,706
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	3,211	(5,458)
- Franking credits from the payment of income tax instalments during the financial year	(2,292)	7,939
- Franking debits from the payment of franked distributions	-	(7,681)
Franking account balance at the end of the financial year	<u>16,425</u>	<u>15,506</u>
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(8,587)	(1,433)
Franking credits available for future reporting periods	<u>7,838</u>	<u>14,073</u>
The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.		

Note 29 Earnings per share

a) Basic and diluted earnings per share

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

	2021	2020
	\$	\$
Profit/(loss) attributable to ordinary shareholders	(25,241)	9,214
	Number	Number
Weighted-average number of ordinary shares	675,009	675,009
	Cents	Cents
Basic and diluted earnings/(loss) per share	(3.74)	1.37

Note 30 Commitments

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

Note 31 Contingencies

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

Note 32 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 Bunyip & District Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Barry Kenneth Crees, Chair

Dated this 29th day of September 2021

Independent audit report



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03 5443 0344

Independent auditor's report to the Directors of Bunyip & District Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bunyip & District Community Enterprises Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Bunyip & District Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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





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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 September 2021

Adrian Downing
Lead Auditor

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