2021 Annual Report

Calliope & District Enterprises Limited

ABN 71 133 571 061

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Chair's report

For year ending 30 June 2021

I am happy to present to you the 13th Annual report, for the year 2020/21. On behalf of the Directors, a huge vote of thanks to all our customers, shareholders and staff for supporting our Community Bank in another difficult year.

As many of you will be aware, we have been searching for ways of increasing our profitability and our community presence in order to support both our shareholders and the community. We were finally given the opportunity to purchase outright the Kin Kora branch of Bendigo Bank late last year. The purchase was made without incurring debt, as we were able to utilize retained funds.

Subsequent to the purchase, we have changed the names of both banks and now trade as 'Community Bank Calliope and Gladstone'. Both banks are full service, and offer our customers the same exceptional and personal attention to their banking requirements.

This financial year has seen a profit of $55,261 and a declared dividend of $0.06 cents in October 2020 for our shareholders.

Changes just keep coming, with Calliope Branch Manager Joanna Lumley taking 12 months leave, and being replaced by our Assistant Branch Manager Darryl Currey. Our Gladstone Branch Manager is Kristie McDermott and John Wessling continues as our Business Development Manager. Our thanks to all staff for their continued hard work and flexibility in these interesting times.

Our Shareholders Registry is now held on line, providing better access to the database for administration. Shares are still bought and sold, and information is on our website.

While we have had a much quieter year for sponsorships and grants, we have still given $112,138 in grants and sponsorships to our community. As well, four scholarships of $5,000 each and two of $2,500 were granted during the year. We have planned for a much bigger year in celebration of the purchase of the Gladstone branch, and have begun liaising with many community groups in our region.

On behalf of the Board, thanks for being part of Community Bank Calliope and Gladstone, a partner of Bendigo Bank.

Jo Hill
Chair

Managers' report

For year ending 30 June 2021

This year we have seen a turn-around in our fortunes to record some good growth in our footings. While we continue to see a large amount of loan discharges through sales, the housing market has been steadily rising over the last 18 months and more so over the last 12 months so we have been able to gain our share of new lending to offset this. Over the year, both branches had combined approvals of $30 million of which $28 million was funded. Our discharges totalled $11.7 million and our amortisation was $8.4 million leaving our lending book with a net growth of $7.9 million.

With Calliope and Gladstone branches now working under the one umbrella, the data below captures the make-up of the two branch books showing our core business activities. It is not unusual to see the lending book higher than the deposit book in many branches and in our case, it has been like this for longer than the current management team have been here. Much of our income is derived from our lending book, so it is a position that we are happy to be in. The housing market remains steady and there is nothing on the horizon to suggest otherwise so we are looking for a similar result again in financial year 2021/22.

Branch deposits have also had a boost this year with a 21.6% increase to $75.4 million. There is no particular reason why this has occurred however it is good to see Calliope showing good improvement after many lean years in this area. Gladstone branch has always been reasonably strong in this category.

Branch summary – $million									
	Deposits			Lending			Other		
	July 2020	June 2021	Growth	July 2020	June 2021	Growth	July 2020	June 2021	Growth
Calliope	$27.0	$33.7	$6.7 24.7%	$76.5	$81.0	$4.5 5.9%	$2.7	$2.4	-$0.2 -9.1%
Gladstone	$35.0	$41.7	$6.7 19.3%	$37.0	$40.5	$3.4 9.2%	$2.0	$1.8	-$0.2 -12.1%
Overall	$62.0	$75.4	$13.4 21.6%	$113.5	$121.4	$7.9 7.0%	$4.7	$4.2	-$0.5 -10.4

Overall footings – $million			
	July 2020	June 2021	Growth
Calliope	$106.2	$117.1	$10.9 10.3%
Gladstone	$74.0	$83.9	$9.9 13.4%
Overall	$180.2	$201.0	$20.8 11.6%

Other highlights during the year were the acquisition of the Gladstone branch from Bendigo Bank Corporate in November 2020. It was a great opportunity for the Board to bring the two businesses together and have both teams working side by side. The opportunity to hold local promotions, work in the community as 'one', focus our advertising regionally and to allow all our not-for-profit customers to participate in community grants, sponsorships etc has been made easier by bringing the two businesses together. At this time, we welcome Kristie, Natasha, Ken and Shari to our team.

Manager's report (continued)

During the year, we had Joanna go on maternity leave and welcomed our newest employee, Darryl Currey in the role of Assistant Branch Manager in Calliope. Darryl has had previous experience with Bendigo Bank in both general banking and lending and looks forward to working with our clients to meet their needs. We also farewelled Loren after many years who has taken time out to look after her family.

We take this opportunity to thank our teams who worked tirelessly throughout the year to meet our customers' requirements and to our customers for the faith and trust they put in us to achieve their financial goals.

We also like to thank the Board of Directors for working with us, some of which have now been Directors for over 12 years. They have volunteered their services and expertise to not only make us the successful local business we are today, but also their contribution towards improving community infrastructure, providing facilities that other communities envy and most of all, making our communities a great place to reside in. For our small business to have contributed over $2.5 million back to the community in a little over 12 years, we must be doing something right so if you are yet to come on our journey, please accept this as your ticket to join the ride.

Joanna Lumley
Branch Manager
Calliope

Darryl Currey
Asst Branch Manager
Calliope

Kristie McDermott
Branch Manager
Gladstone

John Wessling
Business Development Manager
Calliope / Gladstone

Directors' report

For the financial year ended 30 June 2021

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

Directors

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

Martha Jo Hill

Chair

Occupation: Grazier

Qualifications, experience and expertise: Registered nurse for 36 years, manager grazing/stud enterprise, Bachelor of Arts/Nursing. Secretary, Treasurer Calliope Rural Fire Brigade, Manager beef section Mt Larcom & District Show Society.

Special responsibilities: Sponsorship Committee

Interest in shares: 2,000 ordinary shares

Robin Gerard Williams

Non-executive director

Occupation: Self employed

Qualifications, experience and expertise: Was a manager at Gladstone Marina, has a Master of Business Administration from C.Q University, and is currently self employed.

Special responsibilities: Chair Finance Funding Committee

Interest in shares: 5,000 ordinary shares

Mark Matthew Larney

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: MBA, Bachelor of Business (Accounting and Banking & Finance), Graduate Certificate Local Government. 25 Years in a managerial role in Local Government. Over 25 years active involvement in a range of community groups holding many offices. Currently Secretary of the Port Curtis District Men's Bowls Association and Chairperson of the Gladstone Branch of the Australian Native Bee Association.

Special responsibilities: Nil

Interest in shares: 24,501 ordinary shares

Amanda Jane Gibbs

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Justice of the Peace since 1985. Domestic Engineer.

Special responsibilities: Sponsorship Committee

Interest in shares: 2,500 ordinary shares

Directors (continued)

Francis James McKee

Non-executive director

Occupation: Mechanic

Qualifications, experience and expertise: Born in 1948, Francis is a semi-retired Mechanic/Grazier, still having interests in his mechanical repair business as well his rural property. He has been involved with P&C, Progress and sporting committees, and is still involved with community affairs, including the Rural Fire Service and is also involved in the proposed Boyne Burnett Inland Rail Trail.

Special responsibilities: Nil

Interest in shares: 1,000 ordinary shares

Anthony Robert Williams

Non-executive director

Occupation: Real Estate Salesperson

Qualifications, experience and expertise: Current Director and President Elect of Rotary of Gladstone. Founding & Committee member of Sunshine Coast Motor Sport Club. Previous occupations - Hospitality - Bar Tending & Floor Management. Retail - Liquor sales. Trades Assistant - Roofing (Asphalt and Winter proofing). Mechanic - Engine rebuilds, Chassis Tuning. Employment Skills - Marketing & Negotiation, Creative Writing skills & People Management.

Special responsibilities: Social Media, Funding

Interest in shares: nil share interest held

Rebecca Jane Gibbs-Willis

Non-executive director

Occupation: Works Scheduler

Qualifications, experience and expertise: Rebecca currently works as a Works Scheduler for Local Government. She runs a building and construction business with her husband. She runs a Brangus (cattle) breeding enterprise with her family. Plays Oztag.

Special responsibilities: Nil

Interest in shares: 500 ordinary shares

Allison May Totorica

Non-executive director

Occupation: Accountant

Qualifications, experience and expertise: Accountant (Taxation, Bookkeeping, Accounting). Bachelor of Accounting (Cqu). JP (Qual).

Special responsibilities:

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 Robin Gerard Williams. Robin was appointed to the position of secretary on 17 November 2015.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
55,261	54,080

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Martha Jo Hill	2,000	-	2,000
Robin Gerard Williams	5,000	-	5,000
Mark Matthew Larney	12,001	12,500	24,501
Amanda Jane Gibbs	1,501	999	2,500
Francis James McKee	1,000	-	1,000
Anthony Robert Williams	-	-	-
Rebecca Jane Gibbs-Willis	500	-	500
Allison May Totorica	-	-	-

Dividends

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

	Cents per share	Total amount
Final fully franked dividend	6	51,600

Significant changes in the state of affairs

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

On the 30 November the company purchased the Kin Kora franchise located at 216-226 Philip Street, Kin Kora, QLD. This purchase included rights in relation to the income stream from its loans, deposits and other revenue generating business. The company was bought outright for $250,000.

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

E - eligible to attend A - number attended

	Board Meetings Attended	
	E	A
Martha Jo Hill	11	10
Robin Gerard Williams	11	10
Mark Matthew Larney	11	8
Amanda Jane Gibbs	11	7
Francis James McKee	11	9
Anthony Robert Williams	11	5
Rebecca Jane Gibbs-Willis	11	7
Allison May Totorica	11	9

Proceedings on behalf of the company

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

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 26.

Non audit services (continued)

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

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

Auditor's independence declaration

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

Signed in accordance with a resolution of the directors at Calliope, Queensland.

Martha Jo Hill ,
Chair

Dated this 25th day of August 2021

Auditor's independence declaration

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Calliope & District Enterprises Limited

As lead auditor for the audit of Calliope & District 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: 25 August 2021

Adrian Downing
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337

Financial statements

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

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	1,430,764	991,140
Other revenue	9	47,917	40,000
Finance income	10	4,748	12,104
Employee benefit expenses	11f)	(722,381)	(520,781)
Charitable donations, sponsorship, advertising and promotion	11d)	(310,498)	(197,405)
Occupancy and associated costs		(37,570)	(20,230)
Systems costs		(37,149)	(21,748)
Depreciation and amortisation expense	11a)	(121,364)	(54,975)
Impairment losses	11b)	-	(25,745)
Finance costs	11c)	(32,521)	(27,847)
General administration expenses		(141,053)	(96,046)
Profit before income tax expense		**80,893**	**78,467**
Income tax expense	12a)	(25,632)	(24,387)
Profit after income tax expense		**55,261**	**54,080**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**55,261**	**54,080**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	29a)	6.43	6.29

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	501,573	736,731
Trade and other receivables	14a)	89,356	57,109
Total current assets		**590,929**	**793,840**
Non-current assets			
Property, plant and equipment	15a)	76,371	80,237
Right-of-use assets	16a)	641,453	492,733
Intangible assets	17a)	362,351	50,938
Deferred tax asset	18b)	682	-
Total non-current assets		**1,080,857**	**623,908**
Total assets		**1,671,786**	**1,417,748**
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	46,168	15,959
Current tax liabilities	18a)	4,814	12,629
Lease liabilities	20a)	85,733	25,120
Total current liabilities		**136,715**	**53,708**
Non-current liabilities			
Trade and other payables	19b)	97,641	29,609
Lease liabilities	20b)	531,344	468,379
Provisions	21a)	56,879	16,782
Deferred tax liability	18b)	-	3,724
Total non-current liabilities		**685,864**	**518,494**
Total liabilities		**822,579**	**572,202**
Net assets		**849,207**	**845,546**
EQUITY			
Issued capital	22a)	832,020	832,020
Retained earnings	23	17,187	13,526
Total equity		**849,207**	**845,546**

The accompanying notes form part of these financial statements.

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

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2019		832,020	2,446	834,466
Total comprehensive income for the year		-	54,080	54,080
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(43,000)	(43,000)
Balance at 30 June 2020		**832,020**	**13,526**	**845,546**
Balance at 1 July 2020		832,020	13,526	845,546
Total comprehensive income for the year		-	55,261	55,261
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(51,600)	(51,600)
Balance at 30 June 2021		**832,020**	**17,187**	**849,207**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		1,595,063	1,097,832
Payments to suppliers and employees		(1,351,140)	(939,999)
Interest received		4,748	12,104
Lease payments (interest component)	11c)	(30,606)	(26,968)
Lease payments not included in the measurement of lease liabilities	11g)	(15,873)	(7,309)
Income taxes paid		(37,853)	(13,418)
Net cash provided by operating activities	**24**	**164,339**	**122,242**
Cash flows from investing activities			
Payments for property, plant and equipment		(3,467)	-
Payments for intangible assets		(279,587)	(13,459)
Net cash used in investing activities		**(283,054)**	**(13,459)**
Cash flows from financing activities			
Lease payments (principal component)		(64,843)	(23,520)
Dividends paid	28a)	(51,600)	(43,000)
Net cash used in financing activities		**(116,443)**	**(66,520)**
Net cash increase/(decrease) in cash held		**(235,158)**	**42,263**
Cash and cash equivalents at the beginning of the financial year		736,731	694,468
Cash and cash equivalents at the end of the financial year	**13**	**501,573**	**736,731**

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 Calliope & District 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**
Shop 3/2041 Dawson Highway Calliope Qld 4680	Shop 3/2041 Dawson Highway Calliope Qld 4680 216-226 Philip Street Kin Kora QLD 4680

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.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 25 August 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 4 Summary of significant accounting policies (continued)

b) Other revenue

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

Note 4 Summary of significant accounting policies (continued)

c) Economic dependency - Bendigo Bank (continued)

- 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

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Note 4 Summary of significant accounting policies (continued)

e) Taxes (continued)

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	4 to 40 years
Plant and equipment	Straight-line	1 to 40 years

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

h) Intangible assets

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

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

The franchise fees paid by the company and domiciled customer accounts acquired are amortised over their useful life and assessed for impairment whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)
Domiciled customer accounts	Straight-line	Over 10 years

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

Note 4 Summary of significant accounting policies (continued)

i) Financial instruments

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

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.

Note 4 Summary of significant accounting policies (continued)

m) Leases (continued)

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

Note	Judgement
- Note 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;

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

a) Judgements

Note	Judgement
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

b) Assumptions and estimation uncertainties

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

Note	Assumptions
- Note 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 11b) - impairment test of intangible assets	key assumptions underlying recoverable amounts;
- 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.

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

Note 6 Financial risk management (continued)

b) Liquidity risk (continued)

30 June 2021		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	617,077	115,424	327,531	348,253
Trade and other payables	143,809	46,168	97,641	-
	760,886	**161,592**	**425,172**	**348,253**

30 June 2020		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	493,499	51,105	204,421	442,912
Trade and other payables	45,568	15,959	29,609	-
	539,067	**67,064**	**234,030**	**442,912**

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 or at fair value. The company is not exposed to commodity price risk.

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $501,573 at 30 June 2021 (2020: $736,731). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	1,250,176	853,240
- Fee income	103,226	79,876
- Commission income	77,362	58,024
	1,430,764	**991,140**

Note 9 Other revenue

	2021 $	2020 $
- Market development fund income	42,917	25,000
- Cash flow boost	5,000	15,000
	47,917	**40,000**

Note 10 Finance income

	2021 $	2020 $
- Term deposits	**4,748**	**12,104**

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

Note 11 Expenses

	2021 $	2020 $
a) Depreciation and amortisation expense		
Depreciation of non-current assets:		
- Leasehold improvements	4,561	4,622
- Plant and equipment	2,771	2,747
	7,332	**7,369**
Depreciation of right-of-use assets		
- Leased land and buildings	**77,885**	**35,621**
Amortisation of intangible assets:		
- Franchise fee	3,552	1,998
- Franchise establishment fee	8,167	-
- Franchise renewal process fee	11,928	9,987
- Domiciled customer accounts	12,500	-
	36,147	**11,985**
Total depreciation and amortisation expense	**121,364**	**54,975**

Note 11 Expenses (continued)

	2021 $	2020 $
b) Impairment expense		
Impairment of intangible assets:		
- Domiciled customer accounts	**-**	**25,745**

In the previous financial year the company re-assessed the useful life of its cash-generating unit for business domiciled from Bendigo Bank to the company based on new information from Bendigo Bank relating to the customer product life cycle. As a result of the reassessment, the carrying amount was found to exceed the recoverable amount indicating the asset was fully impaired. As such, an impairment loss of $25,745 has been recognised for the financial year ending 30 June 2020.

	2021 $	2020 $
c) Finance costs		
- Lease interest expense	30,606	26,968
- Unwinding of make-good provision	1,915	879
	32,521	**27,847**

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

d) Charitable donations, sponsorship, advertising and promotion

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

	Note	2021 $	2020 $
- Direct sponsorship, advertising, and promotion payments		107,866	77,405
- Contribution to the Community Enterprise Foundation™	11e)	202,632	120,000
		310,498	**197,405**

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

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

e) Community Enterprise Foundation™ contributions

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

	Note	2021 $	2020 $
Disaggregation of CEF funds			
Opening balance		222,950	305,420
Contributions paid in	11d)	202,632	120,000
Grants paid out		(151,220)	(209,884)
Interest received		1,160	1,960
Management fees incurred		9,210	5,454
Balance available for distribution		**284,732**	**222,950**

Note 11 Expenses (continued)

	Note	2021 $	2020 $
f) Employee benefit expenses			
Wages and salaries		602,183	430,271
Non-cash benefits		-	216
Contributions to defined contribution plans		60,006	41,170
Expenses related to long service leave		9,666	(2,937)
Other expenses		50,526	52,061
		722,381	**520,781**

g) 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	**15,873**	**7,309**

Note 12 Income tax expense

	2021 $	2020 $
a) Amounts recognised in profit or loss		
Current tax expense/(credit)		
- Current tax	30,038	29,641
- Movement in deferred tax	(4,433)	(6,295)
- Adjustment to deferred tax on AASB 16 retrospective application	-	1,256
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	27	(215)
	25,632	**24,387**
b) Prima facie income tax reconciliation		
Operating profit before taxation	80,893	78,467
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	21,032	21,578
Tax effect of:		
- Non-deductible expenses	5,873	7,080
- Temporary differences	4,433	5,107
- Other assessable income	(1,300)	(4,124)
- Movement in deferred tax	(4,433)	(6,295)
- Leases initial recognition	-	1,256
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	27	(215)
	25,632	**24,387**

Notes to the financial statements (continued)

Note 13 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	100,826	126,441
- Term deposits	400,747	610,290
	501,573	**736,731**

Note 14 Trade and other receivables

	2021 $	2020 $
a) Current assets		
Trade receivables	79,608	48,597
Prepayments	5,859	4,624
Other receivables and accruals	3,889	3,888
	89,356	**57,109**

Note 15 Property, plant and equipment

	2021 $	2020 $
a) Carrying amounts		
Leasehold improvements		
At cost	176,070	176,070
Less: accumulated depreciation	(113,084)	(108,523)
	62,986	**67,547**
Plant and equipment		
At cost	76,196	72,730
Less: accumulated depreciation	(62,811)	(60,040)
	13,385	**12,690**
Total written down amount	**76,371**	**80,237**
b) Reconciliation of carrying amounts		
Leasehold improvements		
Carrying amount at beginning	67,547	72,169
Depreciation	(4,561)	(4,622)
	62,986	**67,547**
Plant and equipment		
Carrying amount at beginning	12,690	15,437
Additions	3,466	-
Depreciation	(2,771)	(2,747)
	13,385	**12,690**
Total written down amount	**76,371**	**80,237**

Note 15 Property, plant and equipment (continued)

c) Changes in estimates

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

Note 16 Right-of-use assets

	2021 $	2020 $
a) Carrying amounts		
Leased land and buildings		
At cost	766,760	540,155
Less: accumulated depreciation	(125,307)	(47,422)
Total written down amount	**641,453**	**492,733**
b) Reconciliation of carrying amounts		
Leased land and buildings		
Carrying amount at beginning	492,733	-
Initial recognition on transition	-	531,066
Accumulated depreciation on adoption	-	(11,802)
Additional right-of-use assets recognised	279,808	-
Remeasurement adjustments	(53,203)	9,090
Depreciation	(77,885)	(35,621)
Total written down amount	**641,453**	**492,733**

Note 17 Intangible assets

	2021 $	2020 $
a) Carrying amounts		
Franchise fee		
At cost	45,366	32,440
Less: accumulated amortisation	(27,502)	(23,950)
	17,864	**8,490**
Franchise establishment fee		
At cost	170,000	100,000
Less: accumulated amortisation	(108,167)	(100,000)
	61,833	**-**
Franchise renewal process fee		
At cost	126,826	112,192
Less: accumulated amortisation	(81,672)	(69,744)
	45,154	**42,448**
Cash-generating unit - other		
At cost	25,745	25,745
Less: accumulated impairment	(25,745)	(25,745)
	-	**-**

Note 17 Intangible assets (continued)

	2021 $	2020 $
a) Carrying amounts (continued)		
Cash-generating unit - Gladstone domiciled accounts		
At cost	250,000	-
Less: accumulated amortisation	(12,500)	-
	237,500	**-**
Total written down amount	**362,351**	**50,938**
b) Reconciliation of carrying amounts		
Franchise fee		
Carrying amount at beginning	8,490	10,488
Additions	20,219	-
Disposals	(7,293)	-
Amortisation	(3,552)	(1,998)
	17,864	**8,490**
Franchise establishment fee		
Additions	70,000	-
Amortisation	(8,167)	-
	61,833	**-**
Franchise renewal process fee		
Carrying amount at beginning	42,448	52,435
Additions	51,096	-
Disposals	(36,462)	-
Amortisation	(11,928)	(9,987)
	45,154	**42,448**
Cash-generating unit - other		
Carrying amount at beginning	-	25,745
Impairment	-	(25,745)
	-	**-**
Cash-generating unit - Gladstone domiciled accounts		
Additions	250,000	-
Amortisation	(12,500)	-
Carrying amount at end	**237,500**	**-**
Total written down amount	**362,351**	**50,938**

During the financial year, Calliope and Gladstone (Kin Kora) franchise fees were renewed. Both are to be amortised over the next five years to October 2025.

The company also purchased the Kin Kora Branch customer list from Bendigo Bank for $250,000. This purchase included rights in relation to the income stream from its loans, deposits and other revenue generating business. This asset is being amortised over ten years.

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

	2021 $	2020 $
a) Current tax		
Income tax payable	**4,814**	**12,629**
b) Deferred tax		
Deferred tax assets		
- expense accruals	425	442
- make-good provision	14,220	4,363
- lease liability	154,269	128,310
Total deferred tax assets	**168,914**	**133,115**
Deferred tax liabilities		
- income accruals	972	1,011
- property, plant and equipment	6,897	7,717
- right-of-use assets	160,363	128,111
Total deferred tax liabilities	**168,232**	**136,839**
Net deferred tax assets (liabilities)	**682**	**(3,724)**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**(4,406)**	**5,254**
Movement in deferred tax charged to Statement of Changes in Equity	**-**	**1,256**

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.

	2021 $	2020 $
a) Current liabilities		
Trade creditors	17,614	6,129
Other creditors and accruals	28,554	9,830
	46,168	**15,959**
b) Non-current liabilities		
Other creditors and accruals	**97,641**	**29,609**

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% for the Calliope branch and 4.39% for the Gladstone branch.

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:

- Calliope branch
  The lease agreement is a non-cancellable lease with an initial term of five years which commenced 1 March 2019. The lease 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 February 2034.

Note 20 Lease liabilities (continued)

- Gladstone branch (Kin Kora)
  The lease agreement commenced on 1 December 2020 and is a non-cancellable term of one year and nine months plus one option reasonably expected to be exercised of two years. As such, the lease term end date used in the calculation of the lease liability is August 2024.

	2021 $	2020 $
a) Current lease liabilities		
Property lease liabilities	115,424	51,105
Unexpired interest	(29,691)	(25,985)
	85,733	**25,120**
b) Non-current lease liabilities		
Property lease liabilities	675,784	647,333
Unexpired interest	(144,440)	(178,954)
	531,344	**468,379**
c) Reconciliation of lease liabilities		
Lease liabilities on transition		
Balance at the beginning (finance lease liabilities)	493,499	-
Initial recognition on AASB 16 transition	-	507,929
Additional lease liabilities recognised	241,624	-
Remeasurement adjustments	(53,203)	9,090
Lease payments - interest	30,606	26,968
Lease payments	(95,449)	(50,488)
	617,077	**493,499**

The material increase in additional lease liabilities recognised is due to the purchase of the Gladstone branch (Kin Kora) on 30 November 2020.

	2021 $	2020 $
d) Maturity analysis		
- Not later than 12 months	115,424	51,105
- Between 12 months and 5 years	327,531	204,421
- Greater than 5 years	348,253	442,912
Total undiscounted lease payments	**791,208**	**698,438**
Unexpired interest	(174,131)	(204,939)
Present value of lease liabilities	**617,077**	**493,499**

Note 21 Provisions

	2021 $	2020 $
a) Non-current liabilities		
Make-good on leased premises	**56,879**	**16,782**

Note 21 Provisions (continued)

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

Lease	Lease term expiry date per AASB 16	Estimated provision
Calliope	February 2034	$35,000
Gladstone (Kin Kora)	August 2024	$45,000

Note 22 Issued capital

	2021		2020	
	Number	$	Number	$
a) Issued capital				
Ordinary shares - fully paid	860,000	860,000	860,000	860,000
Less: equity raising costs	-	(27,980)	-	(27,980)
	860,000	**832,020**	**860,000**	**832,020**

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.*

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").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 204. As at the date of this report, the company had 250 shareholders (2019: 252 shareholders).

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

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

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

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

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 23 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		13,526	5,758
Adjustment for transition to AASB 16		-	(3,312)
Net profit after tax from ordinary activities		55,261	54,080
Dividends provided for or paid	28a)	(51,600)	(43,000)
Balance at end of reporting period		**17,187**	**13,526**

Note 24 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	55,261	54,080
Adjustments for:		
- Depreciation	85,217	42,990
- Amortisation	36,147	11,985
- Impairment losses on intangible assets	-	25,745
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(32,246)	(17,387)
- (Increase)/decrease in other assets	(682)	4,850
- Increase/(decrease) in trade and other payables	30,266	(7,019)
- Increase/(decrease) in provisions	1,915	879
- Increase/(decrease) in tax liabilities	(11,539)	6,119
Net cash flows provided by operating activities	**164,339**	**122,242**

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	100,826	126,441
Term deposits	13	400,747	610,290
Trade and other receivables	14	83,497	52,485
		585,070	**789,216**
Financial liabilities			
Trade and other payables	19	143,809	45,568
Lease liabilities	20	617,077	493,499
		760,886	**45,568**

Note 26 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,700
Non audit services		
- Taxation advice and tax compliance services	600	600
-General advisory services	5,020	2,840
- Share registry services	3,372	3,448
Total auditor's remuneration	**13,992**	**11,588**

Note 27 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Martha Jo Hill
Amanda Jane Gibbs
Rebecca Jane Gibbs-Willis
Robin Gerard Williams
Francis James McKee
Allison May Totorica
Mark Matthew Larney
Anthony Robert Williams

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 or paid during the period

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

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	**6.00**	**51,600**	**5.00**	**43,000**

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

	2021 $	2020 $
b) Franking account balance		
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	43,446	46,339
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	7,939	24,394
- Franking credits/(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	29,914	(10,977)
- Franking debits from the payment of franked distributions	(18,130)	(16,310)
Franking account balance at the end of the financial year	**63,169**	**43,446**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	4,814	12,629
Franking credits available for future reporting periods	**67,983**	**56,075**

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

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 attributable to ordinary shareholders	55,261	54,080

	Number	Number
Weighted-average number of ordinary shares	860,000	860,000

	Cents	Cents
Basic and diluted earnings per share	6.43	6.29

Note 30 Commitments

The company has no 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 Calliope & District 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.

Martha Jo Hill,
Chair

Dated this 25th day of August 2021

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Calliope & District 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 Calliope & District 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.

AFS
Partners in success
Chartered Accountants

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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: 25 August 2021

Adrian Downing
Lead Auditor

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