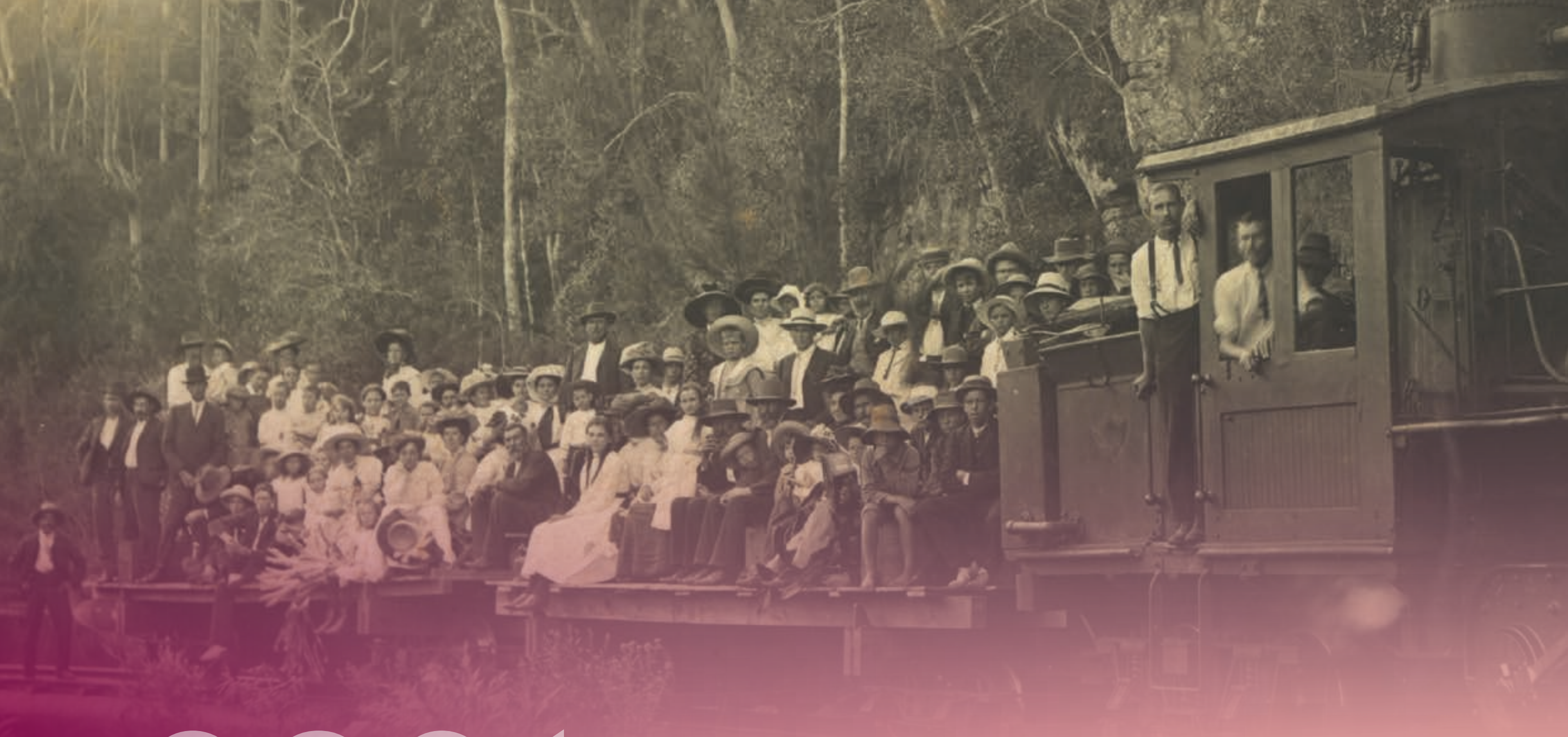

2021 Annual Report

Canungra & District Community Financial Group Limited

ABN 14 608 466 628

Community Bank · Canungra & District

Contents

Chairperson's report

For year ending 30 June 2021

Welcome to the end of another financial year!

As our fifth birthday looms later this year, I have taken the time to reflect on the changes over the past 12 months. There are a lot of new 'terms' that have made their way in to every day life: pivot, transform, unpack, deep dive and even ones that we initially feared but have now become used to – lockdown, restrictions, social distancing. This has taught us all that we need to be fluid (another one) and adaptable both personally and in our business lives.

At the start of the COVID-19 pandemic we opened Bendigo Bank Beaudesert, the Beaudesert Service Centre. The Board was confident that as the other banks moved out of the region, that we would garner support from the community and growth would ensue. The growth was slow as people retreated under lockdown conditions and banking operations were limited due to government restrictions.

This placed pressure on our business as a whole and the Board, in partnership with Bendigo Bank, took out an overdraft facility. This is not unusual for a business to ensure they can 'ride out' the financial challenges presented by COVID-19 and economic changes.

Those of us with mortgages are benefitting from the low interest rate environment, however, self-funded retirees and the Board have faced challenges with regards to lower income due to margins being decreased.

The Community Bank model is built around a shared revenue philosophy with Bendigo Bank and your community company sharing revenue on an equal basis. After receipt of our revenue share we then meet costs such as our local employee and rental expenses. Unfortunately, the very low interest margins on loans and deposits are predicted to continue into 2023.

When coupled with our changing customer habits and the accelerating move to digitised banking these low interest margins have forced us to examine how we need to do business into the future. Digital transformation is one of those 'terms' that has come to the forefront of the banking sector in the past years.

Whilst we are looking at restructuring how both of our businesses operate on a day-to-day basis, I would however emphasise that we are committed to:-

- customer choice on how their banking needs are accessed
- digital banking for efficiency and
- face-to-face for those important transactions in our lives like buying a home, taking on a business or planning for the future.

As a responsible Board and in view of these low interest margins and changing customer habits, it was necessary for us to revisit our business/operations plan and make some difficult decisions.

This included reducing our service centre business opening hours in Beaudesert, however, committing to the area by providing 'out of branch' appointments and visiting customers and businesses at their preferred location. We have also shortened our opening hours at Canungra at each end of the day to enable staff to complete training, comply with APRA requirements (paperwork) and lodge applications to grow the business.

During the course of the year, our Customer Service Officer at Bendigo Bank Beaudesert, Leanne left us to pursue a different career path. At the end of the financial year, we bid farewell to our Business Development Manager, Vanessa Skinner, who has chosen to take another Bendigo Bank role closer to her home and we thank her for all her efforts in our business over the past five years.

We have recently promoted Natasha Miller to Branch Manager. She has taken to the role extremely well and we look forward to seeing her grow into this role. For the moment we will not be replacing Vanessa's role with additional support being provided by the Regional Centre.

We have also farewelled Leanne Gretgrix who was our inaugural Customer Service Officer at Beaudesert, as she has moved back to Victoria and is embarking a new adventure as a publican! We wish Vanessa and Leanne all the very best!

We are very fortunate to have continuing staff who are also committed to ensuring the success of our businesses. And a big thank you to Candice Wright and Hannah Larsen who have continued to provide high levels of customer support and advice between the Canungra and Beaudesert sites.

As you would appreciate, these alterations have had a positive impact on our cash flow which will ensure our sustainability.

This restructure is being reviewed by the Board monthly with assistance from our Regional Manager and Community Business Manager.

We will continue to closely monitor and manage our operation with any changes covered in our regular newsletter.

While we have experienced pressure on our profitability, with the provision of the Marketing Development Fund by Bendigo Bank, we have still been able to contribute over $18,000 to the following community groups/partners:-

- Zonta Beaudesert
- Canungra Golf Club
- Canungra Rural Fire Brigade
- Canungra Show
- Canungra Bowls Club
- Traction (Beaudesert)
- Moriarty Park
- St Lukes Anglican Church
- Canungra State School P&C
- Canungra Owls
- to name a few….

These funds are provided for us to connect and engage with our community groups and to ensure that we are creating solid partnerships, both now and into the future.

Just to name a few. We have also supported a number of small businesses in our region with print, media, cleaning, maintenance and other work required at the branch.

Our continuing service is only made possible with the support of our Canungra and Beaudesert communities. No matter what your banking need is we do offer that service and our staff would welcome the opportunity to discuss those needs with you.

Please don't just open an account. Consider Community Bank Canungra & District and Bendigo Bank Beaudesert as your bank of choice with your full banking including loans and deposits. This will build your community company's business and deliver on our promise to invest in our communities.

With 'open banking' now becoming a reality moving your business to Bendigo Bank is becoming far easier.

We really appreciate the support of our Canungra and Beaudesert communities and look forward to providing 'Good old face-to-face customer service' to our region.

Regards

Janine Rockliff
Chairperson

Manager's report

For year ending 30 June 2021

The financial year of 2020/21 we continued to experience the effects of COVID-19 throughout our communities especially on small business and its employees. Banking remained an essential service for our local communities and will continue to do so during this period. Our focus was on providing a safe environment for our staff and customers whilst ensuring the continuity of local banking services.

During this period, we remained as customer connected as we did pre-COVID-19, just in a different way. While we saw a decrease in foot traffic for a while, our branch staff were always available to assist our customers over the phone. Knowing there was a staff member familiar with their circumstances was a great relief to those customers impacted by this pandemic.

Along with low interest rates which means smaller margins and reduced revenue for Community Banks, the financial performance of Community Bank Canungra & District and Bendigo Bank Beaudesert still held strong during these challenging times. With lending growth of $5.6 million, the balance of our total lending as at 30 June 2021 was $30.1 million. Our total deposit balance as at 30 June 2021 was $37.23 million.

The combined result of lending and deposits, otherwise known as branch footings, saw total business grow from the previous year of $54 million to $67.4 million. Customer numbers grew 23.7% to 1,523.

People are the most important part of any business, and I would like to thank the staff, Vanessa, Candice, Hannah and Leanne for their hard work, passion, dedication and commitment in ensuring our customers and community groups receive the best outcomes. We sadly said goodbye to some staff members this year. Vanessa Skinner our Branch Manager who has led us to where we are now and has forged a strong legacy within the communities that she has worked. Her mentoring for us here at the branch has been invaluable and we wish her all the best and success at her new branch which is closer to home for her. Leanne Gretgrix who hit the ground running in Beaudesert at our Service Centre has moved back to Victoria and bought a pub with her partner in East Charlton. If you are on a road trip down that way be sure to pop in and say hi.

I would like to thank our Chairman Janine Rockliff and the Directors for their support and guidance they have extended to us during these difficult times. Acknowledging that they too have their own businesses to manage and adapt in these turbulent times.

To our shareholders and customers, thank you for your continuing support and doing business with Community Bank Canungra & District and Bendigo Bank Beaudesert. This financial year my focus along with branch growth, is empowering staff with the skills and knowledge to support me in this role. I am also strongly committed to strengthening bonds with local businesses and referring agents.

The Community Bank model has a proven track record in small communities, and I believe there is good opportunity locally for further business growth in the coming years. This growth will flow directly back into the community in the form of sponsorship and benefits to the local economy.

The level of growth is entirely dependent on the level of support from the community and I would encourage all customers, shareholders, Board members and staff to talk about and recommend Community Bank Canungra & District and Bendigo Bank Beaudesert to their family, friends and colleagues.

Natasha Miller
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each another and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.

Collin Brady
Head of Community Development

Directors' report

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

Directors

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

Janine Pamela Rockliff
Chairperson
Occupation: Property Valuer
Qualifications, experience and expertise: Janine holds a Bachelor of Business (Property Studies) and is a Certified Practising Valuer registered in Queensland, and Associate of the Australian Property Institute and has worked as a property valuer in both the public and private sectors over the past 14 years. Janine was the Chairperson of the Canungra & District Community Bank Project Steering Committee and is an active member in the Chamber of Commerce and a member of the Sports & Recreation Association. Janine is also an elected representative of South-East Queensland on the Community Bank National Council.
Special responsibilities: HR/Staff Committee
Interest in shares: 2,501 ordinary shares

Terry Robert Watkins
Non-executive director
Occupation: Business Owner
Qualifications, experience and expertise: Terry was formerly a Telstra/Telecom linesman, primary producer, and member of the armed forces. Terry currently owns and operates a service station within the catchment area of the Canungra district. Terry is involved in a number of community groups and is currently 1st Officer Tamborine Rural Fire Brigade. Special responsibilities: Audit & Finance Committee.
Special responsibilities: Audit & Finance Committee.
Interest in shares: 5,001 ordinary shares

Leanne Kay Angel
Non-executive director
Occupation: Director of Community Development, LifeFlight
Qualifications, experience and expertise: Leanne Angel is the Director of Community Development at LifeFlight Foundation, a community-based organisation which funds and promotes the emergency aero-medical rescue services provided by LifeFlight Australia. Prior to starting with LifeFlight in 2003, Leanne was an employee at Bendigo Bank working as the Business Development Manager for their Sandhurst Trustees company. Leanne is a Fellow of the Fundraising Institute of Australia, the Queensland Ambassador of CFRE and volunteers to mentor those undertaking a career path in fundraising. A resident of Canungra since 2007, Leanne enjoys acreage living in this great community.
Special responsibilities: Nil
Interest in shares: 2,000 ordinary shares

Christine Mary Watkins
Non-executive director
Occupation: Student
Qualifications, experience and expertise: Christine Watkins is a fully Licenced Real Estate Agent, holds an Associate Diploma in Community Services and is a Justice of the Peace. She has previously worked as a Youth Worker, Employment Adviser & trainer for able & disabled job seekers. Christine was a Personal Adviser, Trainer & Customer Service Officer for Centrelink before moving to Real Estate. After selling her Real Estate business after having run it for 8 years, Christine now works for Elders Real Estate. Christine also has experience running a service station after moving to the area 14 ½ years ago.
Special responsibilities: Nil
Interest in shares: 5,000 ordinary shares

Directors *(continued)*

Catriona Anne Smith
Non-executive director (appointed 26 November 2020)
Occupation: Support Worker / Self Employed
Qualifications, experience and expertise: Presently a Disability Support Worker has previously worked as Equine Trainer and Manager. Previously sat on the Board of the Queensland Polo Association. Generally happy getting involved in anything to do with her local community.
Special responsibilities: Nil
Interest in shares: 2,500 ordinary shares

Douglas Robert Ward
Non-executive director (appointed 20 April 2021)
Occupation: Retired
Qualifications, experience and expertise: Current President of the Beaudesert Bowls Club. My career was in Club and Hotel Management all over New South Wales, Queensland, and the Northern Territory.
Special responsibilities: Nil
Interest in shares: nil share interest held

Michael Thomas Richardson
Non-executive director (appointed 29 April 2021)
Occupation:
Qualifications, experience and expertise: Currently operating his own dog grooming business. Michael also been self employed for 22 years running a transport company, 8 years within the Australian Army, and 3 years in the prison service. Previously the president of the Corinda Bowls Club and currently the bar manager at Beaudesert Bowls Club.
Special responsibilities: Nil
Interest in shares: nil share interest held

Keer Maree Moriarty
Non-executive director (appointed 28 May 2021)
Occupation: Newspaper Editor
Qualifications, experience and expertise: Keer is owner of Scenic Rim Media, a company that controls The Canungra Times and Beaudesert Bulletin newspapers. She has owned the Canungra Times for over 10 years and started Beaudesert Bulletin in 2020. Keer has a keen interest in both communities and was a member of the steering group that advocated for the community bank in Canungra.
Special responsibilities: Nil
Interest in shares: 1,500 ordinary shares

Leslie John Fortescue
Non-executive director (resigned 24 February 2021)
Occupation: Electronics Technician
Qualifications, experience and expertise: John is an electronics technician and current owner of a local bed and breakfast. John and his wife have built the business from the ground up and are now actively involved in a number of local community groups and events throughout the year. John has been a resident in the area since 2000 and is currently a member of the Canungra Chamber of Commerce.
Special responsibilities: Governance and Strength of the Board
Interest in shares: 2,001 ordinary shares

Directors *(continued)*

Michael Andrew Townsend
Secretary (resigned 29 October 2020)
Occupation: Bookkeeper / Consultant
Qualifications, experience and expertise: Mike currently operates a bookkeeping and consultancy business in Southern Queensland, specialising in Indigenous and Not-For-Profit entities and is also a Registered Provider to the NDIS. Mike was formerly a Queensland Principal (10 years) and holds a Bachelor of Teaching (UWS) specialising in Indigenous Education. Mike is closely tied to the business community in the Scenic Rim and has been the Vice President of Beaudesert Chamber of Commerce since 2018; a member of the West Moreton Trade and Investment Group since 2019; and was appointed to the Scenic Rim Community Consultative Committee for Inland Rail in 2020.
Special responsibilities: Governance and Strength of the Board
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

There have been two company secretaries holding the position during the financial year:

- Janine Pamela Rockliff was appointed company secretary on 29 October 2020.
- Michael Andrew Townsend was appointed company secretary on 27 February 2020 and ceased on 29 October 2020.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
(151,493)	(120,578)

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Janine Pamela Rockliff	2,501	-	2,501
Terry Robert Watkins	5,001	-	5,001
Leanne Kay Angel	2,000	-	2,000
Christine Mary Watkins	5,000	-	5,000
Catriona Anne Smith	2,500	-	2,500
Douglas Robert Ward	-	-	-
Leslie John Fortescue	2,001	-	2,001
Michael Thomas Richardson	-	-	-
Keer Maree Moriarty	1,500	-	1,500
Michael Andrew Townsend	-	-	-

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 their has been no significant changes on the companies financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 29 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

The number of directors' meetings 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
Janine Pamela Rockliff	10	10
Terry Robert Watkins	10	9
Leanne Kay Angel	10	1
Christine Mary Watkins	10	8
Catriona Anne Smith	8	8
Douglas Robert Ward	3	3
Leslie John Fortescue	4	2
Michael Thomas Richardson	3	2
Keer Maree Moriarty	3	1
Michael Andrew Townsend	4	2

**Leave of absence from January 2021*

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 28 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

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

Janine Pamela Rockliff, Chair

Dated this 30th 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 Canungra & District Community Financial Group Ltd.

As lead auditor for the audit of Canungra & District Community Financial Group Ltd. for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

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

Joshua Griffin
Lead Auditor

Financial statements

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

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	346,906	338,796
Other revenue	9	72,740	85,147
Finance income	10	-	701
Employee benefit expenses	11c)	(364,757)	(384,924)
Charitable donations, sponsorship, advertising and promotion		(25,922)	(25,810)
Occupancy and associated costs		(5,048)	(2,379)
Systems costs		(28,744)	(18,921)
Depreciation and amortisation expense	11a)	(84,241)	(66,967)
Finance costs	11b)	(20,888)	(16,146)
General administration expenses		(83,755)	(70,832)
Loss before income tax credit		(193,709)	(161,335)
Income tax credit	12a)	42,216	40,757
Loss after income tax credit		(151,493)	(120,578)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(151,493)	(120,578)
Earnings per share		¢	¢
- Basic and diluted loss per share:	30a)	(18.19)	(14.48)

The accompanying notes form part of these financial statements

Statement of Financial Position

as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	-	420
Trade and other receivables	14a)	36,828	40,814
Total current assets		36,828	41,234
Non-current assets			
Property, plant and equipment	15a)	127,664	156,879
Right-of-use assets	16a)	352,238	375,814
Intangible assets	17a)	14,504	39,029
Deferred tax asset	18a)	224,576	182,360
Total non-current assets		718,982	754,082
Total assets		755,810	795,316
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	22,690	14,129
Loans and borrowings	20a)	163,263	43,321
Lease liabilities	21a)	25,512	23,812
Employee benefits	23a)	9,065	13,088
Total current liabilities		220,530	94,350
Non-current liabilities			
Lease liabilities	21b)	349,293	366,984
Employee benefits	23b)	8,116	5,372
Provisions	22a)	14,405	13,651
Total non-current liabilities		371,814	386,007
Total liabilities		592,344	480,357
Net assets		163,466	314,959
EQUITY			
Issued capital	24a)	801,863	801,863
Accumulated losses	25	(638,397)	(486,904)
Total equity		163,466	314,959

The accompanying notes form part of these financial statements

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

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019	801,863	(366,326)	435,537
Total comprehensive income for the year	-	(120,578)	(120,578)
Balance at 30 June 2020	**801,863**	**(486,904)**	**314,959**
Balance at 1 July 2020	801,863	(486,904)	314,959
Total comprehensive income for the year	-	(151,493)	(151,493)
Balance at 30 June 2021	**801,863**	**(638,397)**	**163,466**

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		461,133	456,270
Payments to suppliers and employees		(529,612)	(552,225)
Interest received		-	701
Interest paid		(2,447)	(65)
Lease payments (interest component)	11b)	(17,687)	(15,366)
Lease payments not included in the measurement of lease liabilities	11d)	(8,834)	(4,459)
Net cash used in operating activities	26	(97,447)	(115,144)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(39,662)
Net cash used in investing activities		-	(39,662)
Cash flows from financing activities			
Proceeds from loans and borrowings		-	32,021
Repayment of loans and borrowings		(2,932)	-
Lease payments (principal component)		(22,916)	(18,168)
Net cash provided by/(used in) financing activities		(25,848)	13,853
Net cash decrease in cash held		(123,295)	(140,953)
Cash and cash equivalents at the beginning of the financial year		(10,879)	130,074
Cash and cash equivalents at the end of the financial year	13b)	(134,174)	(10,879)

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

Registered Office	Principal Place of Business
Shop 1, 44 Christie Street Canungra QLD 4275	Shop 1, 44 Christie Street Canungra QLD 4275
	17 William Street Beaudesert QLD 4275

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 29.

Note 2 Basis of preparation and statement of compliance

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 30 August 2021.

Going concern

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

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

	2021 $	2020 $	Percentage change
Current assets	36,828	41,234	(10.69%)
Current liabilities	220,530	94,350	133.74%
Working capital (deficiency)	(183,702)	(53,116)	245.85%
Total assets	755,810	795,316	(4.97%)
Total liabilities	592,344	480,357	23.31%
Net assets/(liabilities)	163,466	314,959	(48.10%)
Accumulated losses	(638,397)	(486,904)	31.11%
Loss before tax	(193,709)	(161,335)	20.07%
Loss after tax	(151,493)	(120,578)	25.64%
Operating cash inflows (outflows)	(97,447)	(115,144)	(15.37%)
Cash and cash equivalents	(134,174)	(10,879)	1133.33%
Available overdraft and borrowing facilities	100,826	87,225	100.00%

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

Going concern (continued)

The company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of $235,000 and was drawn to $134,174 as at 30 June 2021.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company will be required to seek an increase in its overdraft facility to meet its current obligations.

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

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

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

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

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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	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 that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

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

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

Ability to change financial return (continued)

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

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

b) Other revenue

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

Revenue	Revenue recognition policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

d) Employee benefits

Short-term employee benefits

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

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

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

d) Employee benefits *(continued)*

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.

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. Bank overdrafts are shown as current liabilities within loans and borrowings in the statement of financial position.

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

g) Property, plant and equipment

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

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

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

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	15 years
Furniture, fixtures and fittings	Diminishing value	3 to 15 years

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

h) Intangible assets

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

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

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

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

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

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

i) Financial instruments

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

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.

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

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.

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 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.

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

m) Leases *(continued)*

As a lessee (continued)

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 21 - 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.
- Note 2 - going concern	whether management's assessment of uncertainties about the company's ability to continue as a going concern are appropriate.

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

b) Assumptions and estimation uncertainties

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

Note	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 17 - 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 23 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

Note 6 Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

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

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

- $235,000 overdraft facility that is unsecured with available balance of $100,826. Interest is payable at a rate of 0.00% (2020: 0.00%)

Exposure to liquidity risk

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)*

Exposure to liquidity risk (continued)

30 June 2021

Non-derivative financial liability	Carrying amount	Contractual cash flows: Not later than 12 months	Between 12 months and five years	Greater than five years
Bank overdraft	134,174	134,174	-	-
Bank loans	29,089	29,089	-	-
Lease liabilities	374,805	42,165	168,660	270,611
Trade payables	11,858	11,858	-	-
	549,926	217,286	168,660	270,611

30 June 2020

Non-derivative financial liability	Carrying amount	Contractual cash flows: Not later than 12 months	Between 12 months and five years	Greater than five years
Bank overdraft	11,299	11,299	-	-
Bank loans	32,022	32,022	-	-
Lease liabilities	390,796	41,226	164,902	164,902
	434,117	84,547	164,902	164,902

The bank overdraft is repayable on demand and used for cash management purposes. It is reviewed annual by the lender, Bendigo Bank. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

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

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	262,834	268,059
- Fee income	37,806	37,565
- Commission income	46,266	33,172
	346,906	338,796

Note 9 Other revenue

	2021 $	2020 $
- Market development fund income	47,500	40,000
- Cash flow boost	24,740	41,233
- Other income	500	3,914
	72,740	85,147

Note 10 Finance income

	2021 $	2020 $
- Term deposits	-	701

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	9,279	8,436
- Furniture and fittings	19,936	9,771
	29,215	18,207
Depreciation of right-of-use assets		
- Leased land and buildings	30,501	24,235
Amortisation of intangible assets:		
- Franchise fee	22,000	22,000
- Other intangible asset	2,525	2,525
	24,525	24,525
Total depreciation and amortisation expense	84,241	66,967

b) Finance costs

	2021 $	2020 $
- Bank loan interest paid or accrued	2,447	65
- Lease interest expense	17,687	15,366
- Unwinding of make-good provision	754	715
	20,888	16,146

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	323,220	328,053
Contributions to defined contribution plans	31,083	43,761
Expenses related to long service leave	2,744	2,599
Other expenses	7,710	10,511
	364,757	384,924

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	8,261	4,459

Note 12 Income tax expense

a) Amounts recognised in profit or loss	2021 $	2020 $
Current tax credit		
- Future income tax benefit attributable to losses	(55,174)	(49,570)
- Movement in deferred tax	3,319	(7,717)
- Adjustment to deferred tax on AASB 16 retrospective application	-	6,009
- Reduction in company tax rate	8,983	10,521
- Under/Over provision of tax in the prior period	656	-
	(42,216)	(40,757)

b) *Prima facie* income tax reconciliation

Operating loss before taxation	(193,709)	(161,335)
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	(50,364)	(44,367)
Tax effect of:		
- Non-deductible expenses	6,544	6,122
- Other deductible expenses	(1,602)	(1,693)
- Temporary differences	(3,320)	1,707
- Other assessable income	(6,432)	(11,339)
- Movement in deferred tax	3,319	(7,717)
- Reduction in company tax rate	8,983	10,521
- Leases initial recognition	-	6,009
- Under/(over) provision of income tax in the prior year	656	-
	(42,216)	(40,757)

Note 13 Cash and cash equivalents

a) Cash and cash equivalents	2021 $	2020 $
- Cash at bank and on hand	-	420

b) Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand and cash held with financial and banking institutions, net of outstanding bank overdrafts. Bank overdrafts are presented with loans and borrowings.

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

	Note	2021 $	2020 $
- Cash at bank and on hand		-	420
- Bank overdraft	20a)	(134,174)	(11,299)
		(134,174)	(10,879)

Note 14 Trade and other receivables

a) Current assets	2021 $	2020 $
Trade receivables	31,514	32,742
Prepayments	5,314	8,072
	36,828	40,814

Note 15 Property, plant and equipment

a) Carrying amounts

	2021 $	2020 $
Leasehold improvements		
At cost	139,110	139,109
Less: accumulated depreciation	(37,704)	(28,424)
	101,406	110,685
Furniture and fittings		
At cost	91,039	91,039
Less: accumulated depreciation	(64,781)	(44,845)
	26,258	46,194
Total written down amount	127,664	156,879

b) Reconciliation of carrying amounts

Leasehold improvements		
Carrying amount at beginning	110,685	104,380
Additions	-	14,741
Depreciation	(9,279)	(8,436)
	101,406	110,685
Furniture and fittings		
Carrying amount at beginning	46,194	31,044
Additions	-	24,921
Depreciation	(19,936)	(9,771)
	26,258	46,194
Total written down amount	127,664	156,879

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

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	457,636	450,710
Less: accumulated depreciation	(105,398)	(74,896)
Total written down amount	352,238	375,814

Note 16 Right-of-use assets *(continued)*

b) Reconciliation of carrying amounts	2021 $	2020 $
Leased land and buildings		
Carrying amount at beginning	375,814	-
Initial recognition on transition	-	276,334
Accumulated depreciation on adoption	-	(50,661)
Additional right-of-use assets recognised	-	174,376
Remeasurement adjustments	6,925	-
Depreciation	(30,501)	(24,235)
Total written down amount	352,238	375,814

Note 17 Intangible assets

a) Carrying amounts	2021 $	2020 $
Franchise fee		
At cost	110,000	110,000
Less: accumulated amortisation	(103,069)	(81,069)
	6,931	28,931
Cash generating unit - domiciled customer accounts		
At cost	12,623	12,623
Less: accumulated amortisation	(5,050)	(2,525)
	7,573	10,098
Total written down amount	14,504	39,029

b) Reconciliation of carrying amounts		
Franchise fee		
Carrying amount at beginning	28,931	50,931
Amortisation	(22,000)	(22,000)
	6,931	28,931
Cash generating unit - domiciled customer accounts		
Carrying amount at beginning	10,098	12,623
Amortisation	(2,525)	(2,525)
	7,573	10,098
Total written down amount	14,504	39,029

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.

The company previously 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.

The company determined the intangible asset to have a finite useful life from 1 July 2019 of 5 years.

Note 18 Tax assets and liabilities

a) Deferred tax	2021 $	2020 $
Deferred tax assets		
- expense accruals	775	780
- employee provisions	4,295	4,800
- make-good provision	3,601	3,549
- lease liability	93,701	101,607
- carried-forward tax losses	220,564	174,868
Total deferred tax assets	322,936	285,604
Deferred tax liabilities		
- income accruals	-	3,434
- deductible prepayments	1,327	2,098
- property, plant and equipment	8,973	-
- right-of-use assets	88,060	97,712
Total deferred tax liabilities	98,360	103,244
Net deferred tax assets	224,576	182,360
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(42,216)	40,756
Movement in deferred tax charged to Statement of Changes in Equity	-	6,009

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	11,858	-
Other creditors and accruals	10,832	14,129
	22,690	14,129

Note 20 Loans and borrowings

a) Current liabilities	2021 $	2020 $
Bank overdraft	134,174	11,299
Secured bank loans	29,089	32,022
	163,263	43,321

The company has an approved overdraft limit of $235,000 which was drawn down to $134,174. The company has $100,826 overdraft remaining before exceeding the approved limited or required to re-negotiate the terms.

Interest is recognised using the effective interest method, currently 0.00% whilst the company is in an interest free period (2020: 0.00%).

Note 20 Loans and borrowings *(continued)*

b) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021 Face value	30 June 2021 Carrying value	30 June 2020 Face value	30 June 2020 Carrying value
Bank overdraft	0.0%	Floating	134,174	134,174	11,299	11,299
Secured bank loans	4.4%	2032	29,089	29,089	32,022	32,022

Note 21 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 options reasonably expected to be exercised, applying hindsight where appropriate.

The company's lease portfolio includes:

- Canungra Branch — The lease agreement commenced in October 2016. The company has two further five 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 October 2031.
- Beaudesert Customer Service Centre — The lease agreement commenced in January 2020. The company has two further five year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is January 2035.

a) Current lease liabilities

	2021 $	2020 $
Property lease liabilities	42,165	41,226
Unexpired interest	(16,653)	(17,414)
	25,512	23,812

b) Non-current lease liabilities

	2021 $	2020 $
Property lease liabilities	439,271	471,312
Unexpired interest	(89,978)	(104,328)
	349,293	366,984

c) Reconciliation of lease liabilities

	2021 $	2020 $
Balance at the beginning	390,796	-
Initial recognition on AASB 16 transition	-	234,588
Additional lease liabilities recognised	-	174,376
Remeasurement adjustments	6,925	-
Lease interest expense	17,687	15,366
Lease payments - total cash outflow	(40,603)	(33,534)
	374,805	390,796

Note 21 Lease liabilities *(continued)*

d) Maturity analysis	2021 $	2020 $
- Not later than 12 months	42,165	41,226
- Between 12 months and 5 years	168,660	164,902
- Greater than 5 years	270,611	306,410
Total undiscounted lease payments	481,436	512,538
Unexpired interest	(106,631)	(121,742)
Present value of lease liabilities	374,805	390,796

Note 22 Provisions

a) Non-current liabilities	2021 $	2020 $
Make-good on leased premises	14,405	13,651

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 $25,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 September 2031, at which time it is expected the face-value costs to restore the premises will fall due.

Note 23 Employee benefits

a) Current liabilities	2021 $	2020 $
Provision for annual leave	9,065	13,088
b) Non-current liabilities		
Provision for long service leave	8,116	5,372

c) Key judgement and assumptions

Employee attrition rates

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

Note 24 Issued capital

a) Issued capital	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	832,660	832,660	832,660	832,660
Less: equity raising costs	-	(30,797)	-	(30,797)
	832,660	801,863	832,660	801,863

Note 24 Issued capital *(continued)*

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.*

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 160. As at the date of this report, the company had 285 shareholders (2020: 285 shareholders).

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

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

Note 24 Issued capital *(continued)*

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

Prohibited shareholding interest (continued)

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 25 Accumulated losses

	2021 $	2020 $
Balance at beginning of reporting period	(486,904)	(350,484)
Adjustment for transition to AASB 16	-	(15,842)
Net loss after tax from ordinary activities	(151,493)	(120,578)
Balance at end of reporting period	(638,397)	(486,904)

Note 26 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net loss after tax from ordinary activities	(151,493)	(120,578)
Adjustments for:		
- Depreciation	59,716	42,442
- Amortisation	24,525	24,525
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	3,985	(9,137)
- (Increase)/decrease in other assets	(42,216)	(40,756)
- Increase/(decrease) in trade and other payables	8,561	(14,954)
- Increase/(decrease) in employee benefits	(1,279)	2,599
- Increase/(decrease) in provisions	754	715
Net cash flows used in operating activities	(97,447)	(115,144)

Note 27 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	-	420
Trade and other receivables	14	31,514	32,742
		31,514	33,162
Financial liabilities			
Bank overdrafts	20	134,174	11,299
Secured bank loans	20	29,089	32,022
		163,263	43,321

Note 28 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	600	-
- General advisory services	2,960	3,350
- Share registry services	1,900	1,900
Total auditor's remuneration	10,460	10,050

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Janine Pamela Rockliff
Terry Robert Watkins
Leslie John Fortescue
Leanne Kay Angel
Christine Mary Watkins
Director
Catriona Anne Smith
Douglas Robert Ward
Michael Thomas Richardson
Keer Maree Moriarty
Michael Andrew Townsend

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.

Note 29 Related parties *(continued)*

c) Related party transactions

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

Transactions with related parties	2021 $	2020 $
- Kaylex Constructions completed the fitout of the Beaudesert Customer Service Centre. Janine Pamela Rockliff is a director of the company.	-	16,215
- Keer Moriatys company, Scenic Rim Media Pty Ltd, which controls The Canungra Times and Beaudesert Bulletin newspapers provided advertising and printing/photocopying.	5,173	-
Total transactions with related parties	5,173	16,215

Note 30 Earnings per share

a) Basic and diluted earnings per share

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

	2021	2020
	$	$
Loss attributable to ordinary shareholders	(151,493)	(120,578)
	Number	Number
Weighted-average number of ordinary shares	832,660	832,660
	Cents	Cents
Basic and diluted loss per share	(18.19)	(14.48)

Note 31 Commitments

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

Note 32 Contingencies

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

Note 33 Subsequent events

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

Directors' declaration

In accordance with a resolution of the directors of Canungra & District Community Financial Group Ltd, we state that:

In the opinion of the directors:

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

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

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

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

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

Janine Pamela Rockliff, Chair

Dated this 30th day of August 2021

Independent audit report

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03 5443 0344

Independent auditor's report to the Directors of Canungra & District Community Financial Group Ltd.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Canungra & District Community Financial Group Ltd.'s (the company), which comprises:

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

In our opinion, the accompanying financial report of Canungra & District Community Financial Group Ltd., is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Partners in success
Chartered Accountants

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Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss after tax of $151,493 during the year ended 30 June 2021, further reducing the company's net assets to $163,466. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

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(BNPAR21104) (10/21)

Bendigo Bank

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