



2021 Annual Report



Clovelly Community Financial Services Ltd

ABN 69 097 378 740

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Chairman's report

For year ending 30 June 2021



The Bank has maintained its ongoing support for local community groups. A total of \$130,811 was returned to the community in the form of grants and sponsorships.

Welcome to the 20th Annual Report of Clovelly Community Financial Services Ltd (CCFS) for the year ending 2021.

Current position

Another challenging year with the ongoing uncertainty caused by the COVID-19 pandemic.

Although the total book size had grown significantly, tighter lending requirements coupled with lower gross margins had affected profitability, these tighter restrictions meant that staff had to spend more time in achieving loan approvals.

The Bank recorded a pre-tax profit of \$157,382 and an after-tax profit of \$120,017.

Total book size rose to \$312.7 million.

Looking to the future

On our current time frame, by June 2022, we will not have our existing loan commitment which will increase our cash flow, in the future if we keep building the book and if or when rates begin to rise, we will experience exponential growth in our revenues.

Dividend

The Board of Directors was pleased to announce a fully franked dividend of 12c per share, paid in February 2021.

Community participation

The Bank has maintained its ongoing support for local community groups. A total of \$130,811 was returned to the community in the form of grants and sponsorships.

The following true story is an example of how the Bank can make a difference in the community.

A local domestic violence support agency contacted our Bank's Community Partnership Manager, requesting help for a single mum with three children who had fled from a domestic violence situation. The mother, seeking refuge at a relative's home was sleeping on a two-seater sofa, the children sleeping on mattresses on the floor.

A request was posted on the Bank's Facebook page asking for any assistance.

Within two hours four beds had been offered and within 48 hours the mother had been gifted; a brand new bed and mattresses (ordered and paid for anonymously) as well as pillows, bed linen, (from a separate donor), food voucher, personal care items and new clothing. All these items were delivered within a couple of days to the family.

A most satisfying result indicating how our Community Bank Clovelly can make a difference supporting the community.

Chairman's report (continued)

Board

Clovelly Community Financial Services Ltd is governed by a Board of volunteer Directors.

During the year we farewelled two Directors, Karen Taylor and William (Bill) O'Connell. Karen was appointed to the Board in March 2016. Karen served on the Audit and Governance committees. Bill was appointed to the Board in July 2014. Bill served as Chairman of the Bank's Marketing Committee. He also chaired the Sydney Metropolitan Marketing Committee and was NSW representative on the National collaborative Marketing Strategy group. I would like to thank both Karen and Bill for their enormous contributions to our Bank and particularly their invaluable work with their respective committees.

I would like to thank my fellow Board members for their continued participation and support during another challenging year.

Acknowledging our staff

During the year we welcomed Tracy Bryant to the team. Her wealth of experience from working in the Bendigo Bank network has added value to our dedicated, talented team.

Congratulations to Belinda Dorrell on the birth of her daughter.

To our Manager, Pete and our Customer Service Supervisor, Sally and the rest of the team congratulations for the way you deliver time and time again a truly dedicated customer focused service.



Michael Joseph DeNavi
Chairman

Manager's report

For year ending 30 June 2021



Thank you to all our community groups, families and individuals that support and work with us to make life-changing contributions to thousands of people in our community.

It's been a good year in the context of COVID-19 and all its implications.

A record year in terms of growth of our business. Total portfolio 312.7 million, up 71.8 million on last year.

2021 Financial highlights

Operating profit	\$288,193
Community support - grants/sponsorship/donations	\$130,811
Dividends paid	\$75,634
Dividend	12 cents
Net assets per share	2.52
Net equity balance sheet	\$1,587,631
Cash on hand	\$182,752
EBITDA* plus community contributions	\$360,468

The growth in our business is the standout.

The 2021 results are solid given the historically low rates/margins.

*EBITDA Earnings before Interest Tax Depreciation Amortisation.

I have an optimistic view for 2022.

Whilst we cannot predict when rates and margins will start to incline, we will continue to offer a premium service. For example, our branch remains open 9.00am – 5.00pm weekdays and 9.00am – 12 noon Saturday mornings. These extended hours (in comparison to most of the retail bank branches) are another point of difference which is beneficial and appreciated by our customers, new and existing.

We receive a lot of referrals from our existing clients. Our clients who have become successful, are doing more and more business with us.

When the rates increase, and the margins return (unknown timeframe) we will capitalise on the strength of our robust portfolio and strong balance sheet.

In June 2022 we plan to have our property loan paid out in full. Whilst this will not significantly change profits it will increase cash flow; the balance sheet and enhance our financial position.

Manager's report (continued)

Thank you to our valued clients we serve. More than just customers, you are our biggest advocates. It is a privilege to serve you and help you towards your desired goals.

Thank you to all our community groups, families and individuals that support and work with us to make life-changing contributions to thousands of people in our community.

Our community support is understated if we only consider our contribution in dollar terms, \$130,811. Through our connections and supporters, we had the privilege of delivering two motor vehicles to families in need this year as well as numerous outcomes of great value, at no cost.

Thanks to our team Sally, Nazife, Belinda, Tiarne, Jim, Glen, Nicola Beth and Tracy who go above and beyond to ensure our clients receive premium personalised service and strive for outcomes beyond our client's and communities' immediate needs.

Retail banking is a people business. We have outstanding people. This year's performance is again, your result, your hard work, your going the extra mile, your passion, and your commitment. A team of champions.

To the voluntary Board of Directors of Clovelly Community Financial Services Ltd who give their time and services to our Community Bank Clovelly, Regional Manager Kerryn Miller and all the Bendigo Bank team, our communities and organisations that support them, shareholders, ambassadors, clients and friends – congratulations on another outstanding year in the midst of a cataclysmic world pandemic.

Thank you for your support.



Pete Swan
Manager

Financial year highlights

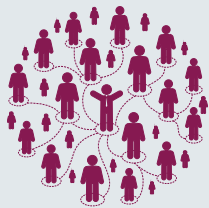


↑ 29.8%

\$312.7 million Total footings

\$71.8 million Footings growth

3,842 Total customers



\$130,811

Community contributions

\$75,634

Shareholder distributions
January 2021: 12¢ dividend



In August 2020 we welcomed Tracy Bryant as a Senior Customer Service Consultant to our team in Clovelly. Tracy brings a wealth of knowledge and expertise to our branch. Tracy has worked in the finance industry for over 20 years and has been with Bendigo Bank since 2014.



Community investment 2002-2021

Clovelly and district since opening
in July 2002 to June 2021.

**Total
community
investment
\$10.880 million**
2002-2021

Shareholder
distributions
\$654,057

Community
contributions
\$1.580 million

Local
employment
and development
\$8.646 million



Community contributions

South Eastern Community Connect

We are very proud to provide funding to purchase a new van for SECC to help connect those in our community who need a little extra help.



Mood Active

Our support has funded a four week exercise program for 30 people. Mood Active believe that exercise empowers people to better manage their mental health by making exercise therapy an affordable mental health treatment for all.

Technical Aid to the Disabled

By adapting bikes to suit individual needs it allows children and adults with other abilities to be able to enjoy the healthy and inclusive world of cycling.



Applicant Name	Outcome
The Deli Women & Children's Centre	Domestic Violence Open Support Program
The Tedd Noffs Foundation	Eastern Suburbs Youth Homelessness Service
South Eastern Community Connect	Mobile Community Centre
Weave Youth & Community Services	Switch Leadership & Mentoring Program
WAYS Youth & Community Services	Youth Connecting with Community Program
South Maroubra Surf Life Saving Club	Powered by Sunshine
Coogee Surf Life Saving Club	Digital Radios
Little Dreamers Australia	Young Career Mentoring & Education Program
Mood Active Association	Mental Wellness Exercise Program
Autism Swim	Dippers Program
Technical Aid to the Disabled (TAD)	Solving Challenges & Reaching Goals Program
Caretakers Cottage	House Proud Program
Bayside Women's Shelter	Project Support
Fighting Chance	Disability Access
Beaches Outreach Project	Conversations about Consent Program
The Purple Hearts (Randwick City FC)	Mixed Abilities All Age Team Program
Coogee Netball Club	Playing Equipment
Surfing Mums	New Equipment
Clovelly Eagles Junior Rugby Club	Playing Equipment
Clovelly Crocodiles Rugby League FC	Training Equipment
The Randwick Art Society	Art Exhibition
Coogee Dolphins Rugby League Football Club	Sporting Equipment
Clovelly Men's Bowling Club	Annual Bowls Competition
The Minhi's Netball Club	Sporting Equipment
Randwick Rugby Club	Training Equipment
Randwick Petersham Cricket Club	Training Equipment

Community Corner

In addition to the financial contributions made to our local community organisations, we have set up a Community Corner in the branch where donations are accepted on an ongoing basis.

Due to the kindness and generosity shown by our customers, local community members and organisations we have been able to connect those wanting to give to those in need via our supported charities.



Project Kindness

This amazing haul was thanks to the all lovely families at Bondi Nippers. The beautifully wrapped gifts and personal messages were donated to Project Kindness and made their way to children in foster care.

Pantry 4 The People

Pantry 4 The People is a lifeline for many people in Botany who are struggling to put food on the table at this time. Thanks to the generous donations from the community the pantry is open 24/7 for families in need.



South Eastern Community Connect

South Eastern Community Connect are continually overwhelmed by the response of our customers and their support of the Food Pantry. The donations collected at the Bank are used to stock the free food pantry.



Caring Kids

Caring Kids Charity CEO Margaret was delighted to pick up two donation boxes full of beautiful new toys from our generous customers and community.

My Stepping Stones Coogee

My Stepping Stones Coogee provided a very generous donation, via our branch, of much-needed items for the women and children living at the Bayside Women's Shelter.

Keith's Closet

Thanks to the donations made by our local community, Keith's Closet continues to support mental health consumers from inpatient and community settings by providing access to a variety of new and high end quality clothing and accessories free of charge.



Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank Limited, 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.

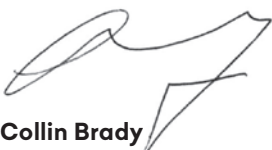
Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

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

For the financial year ended 30 June 2021

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

Directors

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

Michael Joseph Denavi

Chairman

Occupation: Small Business Owner

Qualifications, experience and expertise: Michael has extensive experience in small business. He has worked in and owned several small businesses. His present small business has been operating locally for 23 years and has won many accolades including Randwick Council Small Business of the Year. Michael has a strong sense of community. He is a lifetime member of the Clovelly Eagles Junior Rugby Club and was on the steering committee that established the Community Bank.

Special responsibilities: Chairman, Member of HR Committee

Interest in shares: 1 ordinary

Janet May Kidson

Director and Company Secretary (resigned as Secretary 1 February 2021):

Occupation: Senior Consultant

Qualifications, experience and expertise: Janet has a degree in Computer Science. She ran her own IT consulting business for over 20 years and now works as a senior consultant specialising in financial systems and performance monitoring. She is Company Secretary of ARTD Pty Ltd and Treasurer and Management Committee Member of The Junction Neighbourhood Centre.

Special responsibilities: Treasurer (resigned 3 September 2020), member of Audit & Governance committee

Interest in shares: 11,000 ordinary

Jonathan Hancock

Non-executive director

Occupation: Stockbroker

Qualifications, experience and expertise: Jonathan is a Stockbroker at Ord Minnett Limited providing a full range of stockbroking and direct asset management services to clients. He was a former President of Tamarama Surf Life Saving Club. Current Junior Activities Director (Head of Nippers) - Tamarama Surf Life Saving Club.

Special responsibilities: Nil

Interest in shares: 1,000 ordinary

Directors' report (continued)

Directors (continued)

Charles David Hall

Non-executive director

Occupation: Co-founder and CEO of Risk Management and Trading Analytics Company, Tapaas Pty Ltd

Qualifications, experience and expertise: David has over 20 years experience delivering information technology solutions to businesses primarily in investment banking and financial services. He worked in the United States, Japan and Australia and dealt with cultural, language and technology challenges of integrating global enterprises with local market systems. He has a Bachelor of Science in Accounting from University of Maryland, USA; started his career as a CPA with PricewaterhouseCoopers; transitioned into Management Consulting. From there he joined Salomon Brothers Asia, Citigroup, Macquarie Bank and Westpac Bank before leaving to start Tappaas.

Special responsibilities: Member of Marketing Committee

Interest in shares: Nil

Elissa Raptis

Non-executive director

Occupation: Office Manager / Director

Qualifications, experience and expertise: Elissa has a Graduate Certificate in Business Administration and is a graduate of the Australian Institute of Company Directors. She has had extensive experience in the Fast Moving Consumer Goods environment, but more recently has focused on Finance marketing. She has had various Board exposures for over 10 years.

Special responsibilities: member of Marketing Committee

Interest in shares: Nil

Paul Simmons

Non-executive director

Occupation: HR Professional

Qualifications, experience and expertise: Paul has a degree in Psychology and Post Graduate qualification in Human Resources. He was previously a member of Orange Base Hospital Ethics Committee, and is currently an active member of Clovelly Surf Life Saving Club.

Special responsibilities: Member of HR Committee

Interest in shares: Nil

Keri Barbara Spooner

Non-executive director

Occupation: Dean of Higher Education

Qualifications, experience and expertise: Dr Keri Spooner (BComHons; MComHons; PhD) is currently Dean of Higher Education at the Wentworth Institute of Higher Education and an Emeritus Professor at the University of Notre Dame Australia, Sydney. Previously Keri worked as an academic at the University of Technology Sydney. Her expertise is in the area of human resource management, public administration and corporate governance. She is extensively involved in many Eastern Suburbs community groups and is particularly focussed on social justice and environmental issues including the promotion of bees, as well as writing and fundraising for pancreatic cancer research. Current director at WAYS Youth and Family Services and WAYS Secondary High School.

Special responsibilities: Member of Audit & Governance committee and HR Committee

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Jessie Leigh Maguire

Non-executive director

Occupation: Financial Analyst

Qualifications, experience and expertise: Jessie is a Chartered Accountant with over 8 years experience across analysis, restructuring, corporate advisory, and deals in big four and market leading boutique accounting firms. She currently works in financial planning and analysis at Healius, an ASX listed Healthcare company. Jessie also provides mentoring for University of Technology Sydney business students. Jessie has had extensive exposure to governance issues through advising on boards as an external consultant and providing advice relating to compliance with directors' duties.

Special responsibilities: Treasurer (appointed 3 September 2020), Member of Audit & Governance committee

Interest in shares: Nil

William Patrick O'Connell

Non-executive director (resigned 18 November 2020)

Occupation: Company Director and Graziere

Qualifications, experience and expertise: Bill has a Bachelor of Business Degree in Marketing and Advertising Management (1986, from the NSW Institute of Technology, now UTS). From 1985 till 2016 he worked in a number of Marketing and Advertising Management roles. He is a current director of AGT Financial services Limited and former director of the Australasian Pioneers' Club.

Special responsibilities: Chairman of the Marketing Committee.

Chairman of the Greater Sydney Marketing Cluster

NSW Representative on the National Collaborative Marketing Strategy Group

Interest in shares: 1,000 ordinary

Karen Elizabeth Taylor

Non-executive director (resigned 3 December 2020)

Occupation: Senior Consultant, Governance Risk & Compliance

Qualifications, experience and expertise: Karen has a BA (Hons), MBA, MSc Info Science, BA (Honours) Business and Administration as well as Diplomas in Financial Services and Financial markets. Karen is also a graduate of the Australian Institute of Company Directors. She has over 25 years financial industry experience encompassing all aspects of the wealth management chain.

Special responsibilities: member of Audit & Governance Committee

Interest in shares: 2,000 ordinary

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

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

Company Secretary

The company secretary is Sally Lambley who was appointed to the position of secretary on 01 February 2021. Janet Kidson resigned as Secretary on 01 February 2021 but remains as Director of the Company.

Qualifications, experience and expertise: Sally has been employed by the Company since it commenced in 2002, and has been involved in the banking industry for 31 years. She is currently the Customer Service Supervisor for the company. She has a Certificate IV in Human Resources and has completed a Company Secretarial course through GIA.

Principal activity

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

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

Directors' report (continued)

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2021 \$	Year ended 30 June 2020 \$
120,017	286,865

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Michael Joseph Denavi	1	-	1
Janet May Kidson	11,000	-	11,000
Jonathan Hancock	1,000	-	1,000
Charles David Hall	-	-	-
Elissa Raptis	-	-	-
Paul Simmons	-	-	-
Keri Barbara Spooner	-	-	-
Jessie Leigh Maguire	-	-	-
William Patrick O'Connell	1,000	-	1,000
Karen Elizabeth Taylor	2,000	-	2,000

Dividends

	Year ended 30 June 2021	
	Cents	\$
Fully franked dividends provided for and paid in the year	12.00	75,634

Significant changes in the state of affairs

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

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

Events since the end of the financial year

There are no 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.

Directors' report (continued)

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

E - eligible to attend A - number attended

	Board Meetings Attended	
	E	A
Michael Joseph Denavi	11	11
Janet May Kidson	11	8
Jonathan Hancock	11	10
Charles David Hall	11	10
Elissa Raptis	11	9
Paul Simmons	11	11
Keri Barbara Spooner	11	7
Jessie Leigh Maguire	11	11
William Patrick O'Connell	5	4
Karen Elizabeth Taylor	6	5

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 24 to the accounts.

Directors' report (continued)

Non audit services (continued)

The board of directors has considered the non-audit services provided during the year by the auditor and are 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 of directors 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 16.

Signed in accordance with a resolution of the directors at Clovelly, NSW.



Michael Denavi,
Chairman

14 September 2021

Auditor's independence declaration



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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Clovelly Community Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 14 September 2021

Joshua Griffin
Lead Auditor



Financial statements

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

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	1,302,843	1,431,653
Other revenue	9	37,900	72,822
Finance income	10	705	2,363
Employee benefit expenses	11e)	(812,094)	(724,110)
Charitable donations, sponsorship, advertising and promotion	11c)	(130,811)	(152,383)
Occupancy and associated costs		(24,786)	(25,733)
Systems costs		(34,599)	(28,724)
Depreciation and amortisation expense	11a)	(65,495)	(40,119)
Finance costs	11b)	(6,780)	(13,995)
General administration expenses		(109,501)	(144,282)
Profit before income tax expense		157,382	377,492
Income tax expense	12a)	(37,365)	(90,627)
Profit after income tax expense		120,017	286,865
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		120,017	286,865
Earnings per share		¢	¢
- Basic and diluted earnings per share:	28a)	19.04	45.51

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	182,752	226,063
Trade and other receivables	14a)	130,560	134,119
Current tax assets	17a)	22,708	-
Total current assets		336,020	360,182
Non-current assets			
Property, plant and equipment	15a)	1,531,607	1,569,060
Intangible assets	16a)	11,192	22,385
Deferred tax asset	17b)	24,649	19,678
Total non-current assets		1,567,448	1,611,123
Total assets		1,903,469	1,971,305
LIABILITIES			
Current liabilities			
Trade and other payables	18a)	65,254	54,844
Current tax liabilities	17a)	-	8,777
Loans and borrowings	19a)	139,951	143,392
Employee benefits	20a)	88,131	78,386
Total current liabilities		293,336	285,399
Non-current liabilities			
Loans and borrowings	19b)	-	132,180
Employee benefits	20a)	22,502	10,478
Total non-current liabilities		22,502	142,658
Total liabilities		315,838	428,057
Net assets		1,587,631	1,543,248
EQUITY			
Issued capital	21a)	630,284	630,284
Retained earnings	22	957,347	912,964
Total equity		1,587,631	1,543,248

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019		630,284	701,733	1,332,017
Total comprehensive income for the year		-	286,865	286,865
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	27	-	(75,634)	(75,634)
Balance at 30 June 2020		630,284	912,964	1,543,248
Balance at 1 July 2020		630,284	912,964	1,543,248
Total comprehensive income for the year		-	120,017	120,017
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	27	-	(75,634)	(75,634)
Balance at 30 June 2021		630,284	957,347	1,587,631

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,477,733	1,615,013
Payments to suppliers and employees		(1,213,044)	(1,187,161)
Interest received		705	2,363
Interest paid		(6,780)	(13,995)
Income taxes paid		(73,821)	(132,562)
Net cash provided by operating activities	23	184,793	283,658
Cash flows from investing activities			
Payments for property, plant and equipment		(16,848)	(173,821)
Net cash used in investing activities		(16,848)	(173,821)
Cash flows from financing activities			
Repayment of loans and borrowings		(135,621)	(129,660)
Dividends paid	27	(75,634)	(75,634)
Net cash used in financing activities		(211,255)	(205,294)
Net cash decrease in cash held		(43,310)	(95,457)
Cash and cash equivalents at the beginning of the financial year		226,063	321,520
Cash and cash equivalents at the end of the financial year	13	182,752	226,063

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 consolidated financial report for Clovelly Community Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office

222-226 Clovelly Rd
Coogee NSW 2034

Principal Place of Business

222-226 Clovelly Rd
Coogee NSW 2034

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 25.

Note 2 Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

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

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

The 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.

Notes to the financial statements (continued)

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

Notes to the financial statements (continued)

Note 4 Summary of significant accounting policies (continued)

b) Other revenue

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

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

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.

Notes to the financial statements (continued)

Note 4 Summary of significant accounting policies (continued)

c) Economic dependency - Bendigo Bank (continued)

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.

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.

Notes to the financial statements (continued)

Note 4 Summary of significant accounting policies (continued)

e) Taxes (continued)

Deferred tax (continued)

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

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

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Building	Straight-line	40 years
Leasehold improvements	Straight-line	10 to 13 years
Plant and equipment	Straight-line	2 to 10 years
Furniture, fixtures and fittings	Straight Line	2 to 10 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.

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.

Notes to the financial statements (continued)

Note 4 Summary of significant accounting policies (continued)

h) Intangible assets (continued)

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

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

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

i) Financial instruments

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

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.

Notes to the financial statements (continued)

Note 4 Summary of significant accounting policies (continued)

l) Leases

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) 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 17 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 20 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;

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:

- \$139,951 commercial loan facility secured by the company's assets. Interest is payable at a rate of 3.16% (2020: 3.87%)

Notes to the financial statements (continued)

Note 6 Financial risk management (continued)

b) Liquidity risk (Continued)

Exposure to liquidity risk

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

30 June 2020	Contractual cash flows			
	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Non-derivative financial liability				
Bank loans	139,951	139,951	-	-
	139,951	139,951	-	-

30 June 2020	Contractual cash flows			
	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Non-derivative financial liability				
Bank loans	275,572	143,392	132,180	-
	275,572	143,392	132,180	-

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.

The company held cash and cash equivalents of \$182,752 at 30 June 2021 (2020: \$226,063). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

Notes to the financial statements (continued)

Note 7 Capital management (continued)

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 \$
Revenue:		
- Revenue from contracts with customers	1,302,843	1,431,653
	1,302,843	1,431,653
<i>Disaggregation of revenue from contracts with customers</i>		
At a point in time:		
- Margin income	1,071,009	1,208,036
- Fee income	83,678	90,666
- Commission income	148,157	132,951
	1,302,843	1,431,653

Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	-	10,000
- Cash flow boost	37,500	62,500
- Other income	400	322
	37,900	72,822

Note 10 Finance income

	2021 \$	2020 \$
- Cash at bank	-	182
- Term deposits	705	2,181
	705	2,363

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

Notes to the financial statements (continued)

Note 11 Expenses

	2021 \$	2020 \$
a) Depreciation and amortisation expense		
Depreciation of non-current assets:		
- Buildings	24,935	24,935
- Leasehold improvements	12,376	613
- Furniture and fittings	16,550	3,054
- Office equipment	441	326
	54,302	28,928
<i>Amortisation of intangible assets:</i>		
- Franchise fee	11,193	11,191
Total depreciation and amortisation expense	65,495	40,119
b) Finance costs		
- Bank loan interest paid or accrued	6,780	13,995

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

c) Charitable donations, sponsorship, advertising and promotion

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

	Note	2021 \$	2020 \$
- Direct sponsorship, advertising, and promotion payments		44,125	47,120
- Contribution to the Community Enterprise Foundation™	11d)	86,686	105,263
		130,811	152,383

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

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

d) Community Enterprise Foundation™ contributions

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

	2021 \$	2020 \$
Disaggregation of CEF funds		
Opening balance	117,445	51,452
Contributions paid in	86,686	105,263
Grants paid out	(176,386)	(34,500)
Interest received	464	493
Management fees incurred	(4,334)	(5,263)
Balance available for distribution	23,875	117,445

Notes to the financial statements (continued)

Note 11 Expenses (continued)

	2021 \$	2020 \$
e) Employee benefit expenses		
Wages and salaries	698,288	647,389
Contributions to defined contribution plans	65,991	59,078
Expenses related to long service leave	597	(3,238)
Other expenses	47,218	20,881
	812,094	724,110

f) Recognition exemption

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

	2021 \$	2020 \$
Expenses relating to low-value leases	15,415	14,024

Note 12 Income tax expense

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

	2021 \$	2020 \$
a) Amounts recognised in profit or loss		
<i>Current tax expense/(credit)</i>		
- Current tax	42,337	91,738
- Movement in deferred tax	(5,958)	(2,246)
- Reduction in company tax rate	986	1,135
	37,365	90,627

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2021, the company tax rate will be reduced from 26% to 25%. This change resulted in a loss of \$986 related to the remeasurement of deferred tax assets and liabilities of the company.

	2021 \$	2020 \$
b) Prima facie income tax reconciliation		
Operating profit before taxation	157,382	377,492
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	14,655	79,281
Prima facie tax on profit from ordinary activities at 30% (2020: 30%)	30,305	26,759
Tax effect of:		
- Non-deductible expenses	1,169	640
- Non-assessable income	(9,750)	(17,188)
- Temporary differences	5,958	2,246
- Movement in deferred tax	(5,958)	(2,246)
- Change in Company Tax Rate	986	1,135
	37,365	90,627

Notes to the financial statements (continued)

Note 13 Cash and cash equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	82,047	126,063
- Term deposits	100,705	100,000
	182,752	226,063

Note 14 Trade and other receivables

	2021 \$	2020 \$
a) Current assets		
Trade receivables	118,397	120,749
Prepayments	12,033	13,180
Other receivables and accruals	130	190
	130,560	134,119

Note 15 Property, plant and equipment

	2021 \$	2020 \$
a) Carrying amounts		
<i>Land</i>		
At cost	591,403	591,403
	591,403	591,403
<i>Buildings</i>		
At cost	997,389	997,389
Less: accumulated depreciation	(224,413)	(199,478)
	772,976	797,911
<i>Leasehold improvements</i>		
At cost	363,031	353,972
Less: accumulated depreciation	(247,880)	(235,504)
	115,151	118,468
<i>Furniture and fittings</i>		
At cost	102,873	98,526
Less: accumulated depreciation	(54,000)	(37,449)
	48,874	61,077
<i>Office equipment</i>		
At cost	12,182	8,739
Less: accumulated depreciation	(8,978)	(8,537)
	3,204	202
Total written down amount	1,531,607	1,569,060

Notes to the financial statements (continued)

Note 15 Property, plant and equipment (continued)

	2021 \$	2020 \$
b) Reconciliation of carrying amounts		
<i>Land</i>		
Carrying amount at beginning	591,403	591,403
	591,403	591,403
<i>Buildings</i>		
Carrying amount at beginning	797,910	822,845
Depreciation	(24,935)	(24,935)
	772,975	797,910
<i>Leasehold improvements</i>		
Carrying amount at beginning	118,468	4,475
Additions	9,059	114,606
Depreciation	(12,376)	(613)
	115,151	118,468
<i>Furniture and fittings</i>		
Carrying amount at beginning	61,077	4,916
Additions	4,348	59,215
Depreciation	(16,550)	(3,054)
	48,875	61,077
<i>Office equipment</i>		
Carrying amount at beginning	202	528
Additions	3,443	-
Depreciation	(441)	(326)
	3,204	202
Total written down amount	1,531,607	1,569,060

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 Intangible assets

	2021 \$	2020 \$
a) Carrying amounts		
<i>Franchise fee</i>		
At cost	55,961	55,961
Less: accumulated amortisation	(44,769)	(33,576)
Total written down amount	11,192	22,385

Notes to the financial statements (continued)

Note 16 Intangible assets (continued)

	2021 \$	2020 \$
b) Reconciliation of carrying amounts		
<i>Franchise fee</i>		
Carrying amount at beginning	22,385	33,576
Amortisation	(11,193)	(11,191)
Total written down amount	11,192	22,385

c) Changes in estimates

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

Note 17 Tax assets and liabilities

	2021 \$	2020 \$
a) Current tax		
Income tax payable/(refundable)	(28,685)	8,777
b) Deferred tax		
<i>Deferred tax assets</i>		
- employee provisions	27,657	23,105
Total deferred tax assets	27,657	23,105
<i>Deferred tax liabilities</i>		
- deductible prepayments	3,008	3,427
Total deferred tax liabilities	3,008	3,427
Net deferred tax assets (liabilities)	24,649	19,678
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(4,971)	1,110

Note 18 Trade creditors and other payables

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

	2021 \$	2020 \$
a) Current liabilities		
Other creditors and accruals	65,254	54,844

Notes to the financial statements (continued)

Note 19 Loans and borrowings

	2021 \$	2020 \$
a) Current liabilities		
Secured bank loans	139,951	143,392
b) Non-current liabilities		
Secured bank loans	-	132,180

c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021		30 June 2020	
			Face value	Carrying value	Face value	Carrying value
Secured bank loans	3.4%	2022	139,951	139,951	275,572	275,572

Note 20 Employee benefits

	2021 \$	2020 \$
a) Current liabilities		
Provision for annual leave	23,823	25,639
Provision for personal leave	22,988	-
Provision for long service leave	41,320	52,747
	88,131	78,386
b) Non-current liabilities		
Provision for long service leave	22,502	10,478
	22,502	10,478

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.

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

During the period a sick leave provision was recognised to show the companies obligation for sick leave payout upon termination of some employees per the companies Enterprise Agreement.

Notes to the financial statements (continued)

Note 21 Issued capital

a) Issued capital

	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	630,284	630,284	630,284	630,284
	630,284	630,284	630,284	630,284

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").

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

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

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

Notes to the financial statements (continued)

Note 21 Issued capital (continued)

b) Rights attached to issued capital (continued)

Prohibited shareholding interest (continued)

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 22 Retained earnings

	2021 \$	2020 \$
Balance at beginning of reporting period	912,964	701,733
Net profit after tax from ordinary activities	120,017	286,865
Dividends provided for or paid	(75,634)	(75,634)
Balance at end of reporting period	957,347	912,964

Note 23 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	120,017	286,865
Adjustments for:		
- Depreciation	54,302	28,928
- Amortisation	11,193	11,192
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	2,411	6,725
- (Increase)/decrease in other assets	1,147	(1,111)
- Increase/(decrease) in trade and other payables	10,409	(13,763)
- Increase/(decrease) in employee benefits	21,769	5,647
- Increase/(decrease) in tax liabilities	(36,455)	(40,825)
Net cash flows provided by operating activities	184,793	283,658

Note 24 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			
Trade and other receivables	14	118,527	120,939
Cash and cash equivalents	13	82,047	126,063
Term deposits	13	100,705	100,000
		301,280	347,002
Financial liabilities			
Secured bank loans	19	139,951	275,572

Notes to the financial statements (continued)

Note 25 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	4,950	4,900
<i>Non audit services</i>		
-General advisory services	1,891	900
- Share registry services	3,552	1,900
Total auditor's remuneration	10,393	7,700

Note 26 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Michael Joseph Denavi	Janet May Kidson	Jonathan Hancock
Charles David Hall	Elissa Raptis	Paul Simmons
Keri Barbara Spooner	Jessie Leigh Maguire	William Patrick O'Connell
Karen Elizabeth Taylor		

b) Key management personnel compensation

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

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

c) Related party transactions

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

Note 27 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	12.00	75,634	12.00	75,634
Total dividends provided for and paid during the financial year	12.00	75,634	12.00	75,634

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

Notes to the financial statements (continued)

Note 27 Dividends provided for or paid (continued)

b) Franking account balance

	2021 \$	2020 \$
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	482,108	378,235
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	73,820	132,562
- Franking debits from the payment of franked distributions	(26,574)	(28,689)
Franking account balance at the end of the financial year	529,354	482,108
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(28,685)	12,729
Franking credits available for future reporting periods	500,669	494,837

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

Note 28 Earnings per share

a) Based and diluted earnings per share

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

	2021 \$	2020 \$
Profit attributable to ordinary shareholders	120,017	286,865
	Number	Number
Weighted-average number of ordinary shares	630,284	630,284
	Cents	Cents
Basic and diluted earnings per share	19.04	45.51

Note 29 Commitments

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

Note 30 Contingencies

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

Note 31 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 Clovelly Community Financial Services Limited, we state that:

In the opinion of the directors:

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

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



Michael Denavi,
Chairman

14 September 2021

Independent audit report



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Independent auditor's report to the Directors of Clovelly Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Clovelly Community Financial Services Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Clovelly Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

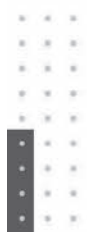
- i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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



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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 14 September 2021

Joshua Griffin
Lead Auditor

Community Bank · Clovelly

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