

2021

# Annual Report

**Cobden & Districts  
Community Finance  
Limited**

ABN 84 117 781 049



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# Chairman's report

For year ending 30 June 2021

2020/21 was a year of milestones for Cobden & Districts Community Finance Limited (CDCFL). Whilst the reality of living with COVID continued and how we do business evolved, CDCFL celebrated a number of achievements throughout the year.

- \$150 million in footings
- 15 years since we established in Cobden
- 5c dividend for the second consecutive year
- More than \$650,000 sponsorship in the community.

This is a result of commitment from the Board of Directors, the dedication of our staff and the support from our loyal customers.

We acknowledge that in this new way of doing things many of our community partners were challenged for another year in providing their community sport, local celebrations and regional events.

Pleasingly we were still able to support our local clubs and groups with over \$40,000 community contributions including pledging seed funding of \$10,000 to Progressing Cobden's inaugural Business and Economic Development Consultant.

I'd like to acknowledge the hard work of all our staff this past year: Ken Black, Bank Manager and the team at our Cobden branch - Di Van Heusden, Marg McMaster, Alexandra Macaronis and at the Camperdown branch - Matt Clark, Sally Mahony (resigned), Kayla Lenehan and Liz Hay (commenced July).

I'd also like to acknowledge the volunteer efforts of our Board of Directors over the 12 months - Pat Roberston (Deputy Chair), Bill Duncanson, Brad Collins, Chris Spokes, Greg Suter, James Green, Lisa McDonald, Marcus Hooker, Penny MacDonald and the support of Jan Fleming, Company Secretary and Julie Finney of Duncan Morris and Associates.

The CDCFL team are focused on continuing to provide a banking presence in the Camperdown and Cobden communities and importantly the point of difference that sets us apart from the other banks - being a community partner.

The banking world is changing and the implications of that is we are seeing other banks closing down or drastically reducing branch hours. The challenge for our Community Bank over the next 12 months will be to withstand the turmoil and continue to build our business so that we can maintain our banking service and community investment and support. Now unlike ever before 'Bank Local' is vitally important. This investment in your Community Bank will help us to continue our community partnerships and support. Tag your family member, friend or fellow club members or jump on board, if you aren't already, and help us continue to pay it forward.



**Brooke Love**  
Chairman

# Manager's report

For year ending 30 June 2021

It is with pleasure that I present my annual report for the 2020/21 financial year.

I would like to begin by thanking our staff for their commitment and passion for our branches and our community. We farewelled Demby McKenzie and Sally Mahony, thank them for their contribution and wish them every success. We welcomed Kayla Lenehan into a full-time traineeship at our Camperdown branch and Alex Macaronis to a full-time traineeship at our Cobden branch. Existing staff Matt Clark, Marg McMaster and Dianne Van Heusden have all made a strong contribution to our branch results.

2021 has provided many challenges but we are determined to remain open in your local community to provide the products and technology, together with the personal service that has made us one of Australia's most trusted brands.

I would also like to thank our customers, Board of Directors and our shareholders for their ongoing support. And to our Bendigo and Adelaide Bank network, specifically our Region 346 Manager Jason Chuck who has been of enormous support to me and our staff.

Our balance sheet increased by \$12 million over the financial year. I am proud of the fact that we have now reached the milestone of more than \$150 million on our balance sheet. Customer numbers increased slightly on the previous year by 73.

	2020	2021	Variance
Cobden	\$73.9 million	\$83.1 million	\$9.2 million
Camperdown	\$65.5 million	\$68.3 million	\$2.8 million
<b>Total</b>	<b>\$139.4 million</b>	<b>\$151.4 million</b>	<b>\$12 million</b>

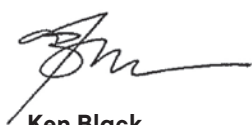
Customer numbers	2020	2021	Variance
Cobden	1,667	1,691	24
Camperdown	1,339	1,388	49
<b>Total</b>	<b>3,006</b>	<b>3,079</b>	<b>73</b>

We will continue our presence in the community and have implemented the strategy to become Australia's bank of choice for customers, employees, partners and shareholders.

As one of Australia's biggest banks, our heritage remains firmly local. We will continue to support our community by sharing our profits and investing in our local community. We are here to feed into prosperity, not off it.

I urge all stakeholders to be advocates of our story and look forward to the business and community growing together. We have a strong focus on customer service and have local people with a local presence in your community.

Thank you for your continued support.



**Ken Black**  
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

# Supporting our local community

**\$656,000**

Community contributions since 2006

Since opening for business in 2006 the customers of the Community Bank Cobden & Districts and Camperdown have returned more than \$656,000 into the local community by supporting the following clubs, organisations, and groups.

1st Cobden Scout Group  
 U3A Corangamite  
 Advance Camperdown  
 Apex Park Camperdown  
 Ban the Bulb Project  
 Beacon Newsletter (Port Campbell)  
 Bookar Cricket Club  
 Bostocks Creek Fire Brigade  
 Camperdown & District Community House  
 Camperdown & District  
 Historical Society  
 Camperdown Ambulance Aux.  
 Camperdown Angling Club  
 Camperdown Bowling Club  
 Camperdown Business Network  
 Camperdown College  
 Camperdown Community Stadium  
 Camperdown Cruise Inc.  
 Camperdown Cycling Club  
 Camperdown Fire Brigade  
 Camperdown Football Netball Club  
 Camperdown Garden Club  
 Camperdown Girl Guides  
 Camperdown Golf Club  
 Camperdown Golf Bowls Club  
 Camperdown Hospital Aux – Arts Show  
 Camperdown Little Athletics  
 Camperdown NextGen Inc.  
 Camperdown P&A Society  
 Camperdown Playgroup Inc.  
 Camperdown Pre-School Assoc.  
 Camperdown Probus Club Inc.  
 Camperdown Races  
 Camperdown SES  
 Camperdown Swimming Pool  
 Camperdown Theatre Co. Ltd  
 Camperdown Timboon Rail Trail Committee  
 Camperdown Toy Library  
 Camperdown Traders Night  
 Camperdown Turf Club  
 Camperdown Uniting Church  
 Cancer Council Vic  
 Christmas Community Meal  
 Cobden & District Health Services  
 Cobden & District Historical Society  
 Cobden & District Kindergarten  
 Cobden & District Pony Club  
 Cobden Aero Club  
 Cobden Airport Committee of Management  
 Cobden Amateur Angling Club Inc.  
 Cobden Amateur Swimming Club

Cobden Art Club (CDHS)  
 Cobden Art Group  
 Cobden Bowling Club  
 Cobden Civic Hall  
 Cobden Fire Brigade  
 Cobden Football Netball Club  
 Cobden Golf Club Inc.  
 Cobden Health  
 Cobden Junior Football Club  
 Cobden Men's Shed  
 Cobden Playgroup  
 Cobden Primary School  
 Cobden Quota  
 Cobden Recreation Reserve  
 Cobden Safety House Committee  
 Cobden Squash Club  
 Cobden Swimming and Life-Saving Club  
 Cobden Technical School  
 Cobden Tennis Association  
 Cobrico Hall  
 Cooina Terang  
 Corangamite AFLW Challenge Cup  
 Corangamite Arts Inc.  
 Corangamite Junior Hockey Association – U14 uniforms  
 Corangamite Model Aircraft Club  
 Corangamite Sportsmen's Club Inc.  
 Corangamite U3A  
 Derrinallum College  
 Derrinallum Progress Association  
 Derrinallum Yacht & Power Boat Club  
 Fire Fundraiser  
 Great South Coast Events Inc.  
 Great South Coast Events Trestle 10  
 Hampden Tennis Association  
 Heytesbury Agricultural Society  
 Heytesbury Indoor Bias Bowls Assoc.  
 JDRF – Ava's team  
 John Maher Road Safety Presentations  
 LINC Church Services  
 Lions Club of Camperdown  
 Lismore Primary School  
 Mercy Regional College  
 Netball Association  
 Nirranda Football Netball Club Inc.  
 Noorat & District Pastoral Society  
 Noorat Agricultural Society  
 Pomorneit Fire Brigade  
 Port Campbell Police  
 Port Campbell Progress Group  
 Port Campbell Surf Life Saving Club  
 Probus Club of Camperdown



Probus Club of Cobden  
 Progressing Cobden Inc.  
 Relay for Life  
 Robert Burns Festival  
 Rock The Clock Camperdown  
 Rotary Club of Camperdown  
 Rotary Club of Cobden  
 Royal Children's Hospital  
 Shine For Life Church – Family Fun Day  
 Simpson & District Community Centre – Ball & Chain newsletter  
 Simpson Football Netball Club  
 Simpson Indoor Bias Bowls Club  
 Simpson Kindergarten  
 Skipton & District Camp Draft Club  
 South West Cricket Association Inc.  
 South Western Model Engineers Inc.  
 South West Health Care  
 South West Kart Club  
 South West Vic Bushfire Appeal  
 South West's Big Freeze  
 South Western District Restoration Group  
 Southwest Healthcare Camperdown  
 St Mary's Anglican Church Guild  
 St Patricks School  
 Terang Police – CPR Machines  
 Timboon P12 School  
 Universal Music Group  
 United Church in Australia  
 Variety Club of Victoria  
 Victorian Bushfire Appeal  
 Weerite Public Hall  
 WestVic Dairy  
 Yachting Western Victoria  
 Youth Taking Action

# 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:

### Patricia Jean Robertson

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Chair from 14 July 2021

**Occupation:** Retired

**Qualifications, experience and expertise:** Past Mayor and Councillor of Town of Camperdown. Current Secretary and former President of Rotary Club of Camperdown. Former Member and Past Chairman of Mt Leura and Mt Sugarloaf Committee of Management. Current Chairman of Camperdown - Timboon Rail Trail Committee. Past District Governor of Rotary International.

**Special responsibilities:** CID/Marketing Committee

**Interest in shares:** 1,000 ordinary shares

### Brooke Love

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Chair until 14 July 2021

**Occupation:** Public Servant

**Qualifications, experience and expertise:** Bachelor of Applied Science and Physical Education. 20 years experience in facility management in the Aquatic & Recreation Industry. Brooke is a member of the Australian Institute of Company Directors and is a graduate of the Company Directors Course.

**Special responsibilities:** CID/Marketing Committee

**Interest in shares:** nil share interest held

### James Alfred Green

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Treasurer

**Occupation:** Managing Director - Greencon Australia P/L

**Qualifications, experience and expertise:** Bachelor of Engineering, Certificate IV in T & A, GAICD. Past Chairman Cobden Sport Club. Past HFNL Board member. Past Port Campbell SLSC Committee member. Past Chairman CDCFL.

**Special responsibilities:** Finance and Risk Committee

**Interest in shares:** 1,001 ordinary shares

### Gregory Leigh Suter

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Non-executive director

**Occupation:** Self-Employed Cabinet Maker

**Qualifications, experience and expertise:** Trade qualified cabinet maker.

**Special responsibilities:** Finance and Risk Committee

**Interest in shares:** 1 ordinary shares

# Directors' report (continued)

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## Directors (continued)

### Norman William Duncanson

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Non-executive director

**Occupation:** Retired

**Qualifications, experience and expertise:** 30 years Dairy Factory Manufacture Management. 6 years Industry Trainer/Assessor. Diploma Food Technology. Nationally Accredited Industry Trainer. Lions Club Member - 46 years. National Treasurer Lions Eye Health/Vision Programs. Trustee Lions District Charitable Fund. Accredited Lay Presider Uniting Church.

**Special responsibilities:** CID/Marketing Committee

**Interest in shares:** 500 ordinary shares

### Lisa Louise Dickinson

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Non-executive director

**Occupation:** Key Account Manager

**Qualifications, experience and expertise:** Site Manager - Reid Stockfeeds, volunteer work with the Cobden Football Netball Club, member of the Relay for Life Committee.

**Special responsibilities:** Risk Committee

**Interest in shares:** 500 ordinary shares

### Bradley Weston Collins

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Non-executive director (appointed 11 November 2020)

**Occupation:** Self Employed Dairy Farmer, Swim School Owner

**Qualifications, experience and expertise:** Westvic Dairy Board Member, Leadership Great South Coast 2019, Dairy Australia Developing Leaders Program 2018, Ecklin Discussion Group Member, Ecklin Hall Committee Member 2017-2021. St Patrick's Primary School Camperdown Board Member 2015-2018, Warrnambool Cheese & Butter Supplier Advisory Group Board Member 2015-2018

**Special responsibilities:** nil

**Interest in shares:** nil share interest held

### Marcus James Hooker

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Non-executive director (appointed 14 April 2021)

**Occupation:** ICT Professional, Retail Sales & Marketing

**Qualifications, experience and expertise:** ICT professional with over 20 years of experience. Former Treasurer, President and current Secretary of Cobden Rotary Club. Media and customer relations within work roles over the past 10 years. Website creator and builder including online sales invoicing and delivery of products.

**Special responsibilities:** CID/Marketing Committee

**Interest in shares:** nil share interest held

### Christopher Andrew Spokes

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Non-executive director (appointed 12 May 2021)

**Occupation:** Self-Employed Dairy Farmer

**Qualifications, experience and expertise:** Chair and 3rd Lieutenant, Weerite CFA, member of Weerite Public Hall Committee, Member of Corangamite UDV.

**Special responsibilities:** CID/Marketing Committee

**Interest in shares:** nil share interest held



# Directors' report (continued)

## Directors (continued)

### Penelope Anne MacDonald

Non-executive director (resigned 17 July 2021)

**Occupation:** Executive Assistant & Governance Coordinator

**Qualifications, experience and expertise:** Penny is currently employed as Executive Services and Governance Coordinator at Corangamite Shire Council, having previously worked as Business Manager at Noorat Primary School and Law Librarian at Lander Rogers Lawyers in Melbourne. Penny has previously been involved with various community groups over the years including Noorat Scout Group, Noorat & District Agricultural & Pastoral Society and the Rotary Club of Terang. Penny holds a Bachelor of Business (Information Management) from RMIT and a Diploma of Library and Information studies from Box Hill TAFE. Skills she brings to the Board include governance, policy development and compliance.

**Special responsibilities:** CID/Marketing Committee

**Interest in shares:** nil share interest held

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

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

### Company Secretary

The company secretary is Janice Fleming. Janice was appointed to the position of secretary on 15 November 2017.

**Qualifications, experience and expertise:** Janice has a Diploma Business Management and Export Functions. Bookkeeping and administration certificates. Brief working history: 10 years Export Business Development SE Asia and NZ, 14 years Business Manager automotive field, 8 years Sales Development chemical field and 5 years Admin/Bookkeeping including AP/AR, BAS, Payroll.

### Principal activity

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

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

### Operating results

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

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
57,507	76,407

### Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Patricia Jean Robertson	1,000	-	1,000
Brooke Love	-	-	-
James Alfred Green	1,001	-	1,001
Gregory Leigh Suter	1	-	1
Norman William Duncanson	500	-	500
Lisa Louise Dickinson	500	-	500

# Directors' report (continued)

## Directors' interests (continued)

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Bradley Weston Collins	-	-	-
Marcus James Hooker	-	-	-
Christopher Andrew Spokes	-	-	-
Penelope Anne MacDonald	-	-	-

## Dividends

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

	Cents per share	Total amount
Final unfranked dividend	5.00	36,251

## 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.

## 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' report (continued)

### Directors' meetings

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

E - eligible to attend A - number attended

	Board Meetings Attended		Committee Meetings Attended					
			CID/ Marketing		Risk		Finance	
	E	A	E	A	E	A	E	A
Patricia Jean Robertson	12	11	10	10	-	-	-	-
Brooke Love	12	12	10	4	-	-	-	-
James Alfred Green	12	6	-	-	3	2	12	11
Gregory Leigh Suter	12	9	-	-	3	3	12	9
Norman William Duncanson	12	11	10	9	-	-	-	-
Lisa Louise Dickinson	12	7	-	-	3	3	-	-
Bradley Weston Collins	8	6	6	4	-	-	-	-
Marcus James Hooker	4	4	-	-	-	-	-	-
Christopher Andrew Spokes	3	2	-	-	-	-	-	-
Penelope Anne MacDonald	12	10	10	7	-	-	-	-

### Proceedings on behalf of the company

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

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

### Non audit services

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

## Directors' report (continued)

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### **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 12.

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



**Brooke Love ,  
Director**

Dated this 3rd day of September 2021

# Auditor's independence declaration



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

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Cobden & Districts Community Finance Limited

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

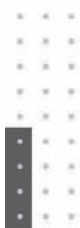
- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 3 September 2021

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

**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	732,893	767,348
Other revenue	9	88,248	99,510
Employee benefit expenses	10c)	(466,114)	(491,668)
Charitable donations, sponsorship, advertising and promotion		(57,856)	(58,449)
Occupancy and associated costs		(30,265)	(23,170)
Systems costs		(32,468)	(33,328)
Depreciation and amortisation expense	10a)	(57,384)	(45,115)
Finance costs	10b)	(6,993)	(10,356)
General administration expenses		(93,277)	(101,250)
<b>Profit before income tax expense</b>		<b>76,784</b>	<b>103,522</b>
Income tax expense	11a)	(19,277)	(27,115)
<b>Profit after income tax expense</b>		<b>57,507</b>	<b>76,407</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>57,507</b>	<b>76,407</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- Basic and diluted earnings per share:	29a)	7.93	10.54

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Trade and other receivables	12a)	60,797	56,904
<b>Total current assets</b>		<b>60,797</b>	<b>56,904</b>
<b>Non-current assets</b>			
Property, plant and equipment	13a)	354,248	358,262
Right-of-use assets	14a)	135,231	151,892
Intangible assets	15a)	99,439	73,556
Deferred tax asset	16a)	66,287	85,564
<b>Total non-current assets</b>		<b>655,205</b>	<b>669,274</b>
<b>Total assets</b>		<b>716,002</b>	<b>726,178</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17a)	76,088	51,702
Loans and borrowings	18a)	10,940	25,552
Lease liabilities	19a)	15,792	16,971
Employee benefits	21a)	31,650	33,247
<b>Total current liabilities</b>		<b>134,470</b>	<b>127,472</b>
<b>Non-current liabilities</b>			
Trade and other payables	17b)	82,037	52,800
Loans and borrowings	18b)	-	49,883
Lease liabilities	19b)	128,680	143,288
Employee benefits	21b)	260	3,657
Provisions	20a)	5,635	5,414
<b>Total non-current liabilities</b>		<b>216,612</b>	<b>255,042</b>
<b>Total liabilities</b>		<b>351,082</b>	<b>382,514</b>
<b>Net assets</b>		<b>364,920</b>	<b>343,664</b>
<b>EQUITY</b>			
Issued capital	22a)	698,455	698,455
Accumulated losses	23	(333,535)	(354,791)
<b>Total equity</b>		<b>364,920</b>	<b>343,664</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2019</b>		698,455	(402,198)	296,257
Total comprehensive income for the year		-	76,407	76,407
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	28a)	-	(29,000)	(29,000)
<b>Balance at 30 June 2020</b>		<b>698,455</b>	<b>(354,791)</b>	<b>343,664</b>
<b>Balance at 1 July 2020</b>		698,455	(354,791)	343,664
Total comprehensive income for the year		-	57,507	57,507
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	28a)	-	(36,251)	(36,251)
<b>Balance at 30 June 2021</b>		<b>698,455</b>	<b>(333,535)</b>	<b>364,920</b>

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 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		897,792	939,162
Payments to suppliers and employees		(742,453)	(772,629)
Interest paid		(499)	(3,285)
Lease payments (interest component)	10b)	(6,273)	(6,859)
Lease payments not included in the measurement of lease liabilities	10d)	(5,283)	(10,830)
<b>Net cash provided by operating activities</b>	<b>24</b>	<b>143,284</b>	<b>145,559</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(7,735)
Payments for intangible assets		(25,556)	(27,112)
<b>Net cash used in investing activities</b>		<b>(25,556)</b>	<b>(34,847)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		(49,193)	(30,117)
Lease payments (principal component)		(16,983)	(17,359)
Dividends paid	28a)	(36,251)	(29,000)
<b>Net cash used in financing activities</b>		<b>(102,427)</b>	<b>(76,476)</b>
<b>Net cash increase in cash held</b>		<b>15,301</b>	<b>34,236</b>
Cash and cash equivalents at the beginning of the financial year		(25,552)	(59,788)
<b>Cash and cash equivalents at the end of the financial year</b>	<b>18a)</b>	<b>(10,251)</b>	<b>(25,552)</b>

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 Cobden & Districts Community Finance 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

37 Curdie Street  
COBDEN VIC 3266

### Principal Place of Business

37 Curdie Street  
COBDEN 3266

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 27.

## Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 3 September 2021.

## Note 3 Changes in accounting policies, standards and interpretations

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

## Note 4 Summary of significant accounting policies

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

### a) Revenue from contracts with customers

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

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

## 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)

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

*Ability to change financial return (continued)*

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

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

*Discretionary financial contributions*

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

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

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

*Cash flow boost*

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

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

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

### c) Economic dependency - Bendigo Bank

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

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

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

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

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

# Notes to the financial statements (continued)

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Note 4 Summary of significant accounting policies (continued)

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

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.

### *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.

## Notes to the financial statements (continued)

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

#### e) Taxes (continued)

##### *Deferred tax*

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

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

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

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

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

##### *Goods and Services Tax*

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

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

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

#### f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand. Bank overdrafts are shown as current liabilities within loans and borrowings in the statement of financial position.

#### g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	4 to 40 years
Equipment	Straight-line	1 to 40 years
Motor vehicles	Straight-line	5 years

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

## Notes to the financial statements (continued)

Note 4 Summary of significant accounting policies (continued)

### h) Intangible assets

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

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

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

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

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

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

### i) Financial instruments

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

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

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

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

### j) Impairment

#### *Non-derivative financial assets*

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

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

#### *Non-financial assets*

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

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

# Notes to the financial statements (continued)

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

### **k) Issued capital**

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

### **l) Provisions**

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

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

### **m) Leases**

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

#### *As a lessee*

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

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

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

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

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

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

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

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.



## Notes to the financial statements (continued)

### 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 19 - 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.

#### 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 16 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 13 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;
- Note 20 - 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.

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.

## Notes to the financial statements (continued)

### Note 6 Financial risk management (continued)

#### a) Credit risk

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.

#### 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:

- \$100,000 overdraft facility with available facility of \$89,749. Interest is payable at a rate of 2.035% (2020: 0%)
- \$150,000 commercial loan facility secured by the company's assets. Interest is payable at a rate of 2.03% (2020: 2.102%)

#### Exposure to liquidity risk

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

30 June 2021	Contractual cash flows			
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank overdraft	10,251	10,251	-	-
Bank loans	689	689	-	-
Lease liabilities	144,472	21,338	67,521	86,197
Trade and other payables	158,125	76,088	82,037	-
	<b>313,537</b>	<b>108,366</b>	<b>149,558</b>	<b>86,197</b>

30 June 2020	Contractual cash flows			
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank overdraft	25,552	25,552	-	-
Bank loans	49,883	-	49,883	-
Lease liabilities	160,259	23,245	71,050	102,566
Trade and other payables	104,502	51,702	52,800	-
	<b>340,196</b>	<b>100,499</b>	<b>173,733</b>	<b>102,566</b>

The bank overdraft is repayable on demand and used for cash management purposes. It is reviewed annually 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 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.

## Notes to the financial statements (continued)

Note 6 Financial risk management (continued)

### c) Market risk (continued)

#### 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.

## 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%.

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	519,075	554,376
- Fee income	64,469	66,785
- Commission income	149,349	146,187
	<b>732,893</b>	<b>767,348</b>

## Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	73,542	75,000
- Cash flow boost	14,706	24,510
	<b>88,248</b>	<b>99,510</b>

## Notes to the financial statements (continued)

### Note 10 Expenses

	2021 \$	2020 \$
<b>a) Depreciation and amortisation expense</b>		
<i>Depreciation of non-current assets:</i>		
- Buildings	2,284	2,284
- Leasehold improvements	9,902	9,655
- Plant and equipment	1,788	2,129
	<b>13,974</b>	<b>14,068</b>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	13,063	12,699
- Leased motor vehicles	4,791	4,791
	<b>17,854</b>	<b>17,490</b>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	4,259	2,260
- Franchise establishment fee	10,000	-
- Franchise renewal process fee	11,297	11,297
	<b>25,556</b>	<b>13,557</b>
<b>Total depreciation and amortisation expense</b>	<b>57,384</b>	<b>45,115</b>
<b>b) Finance costs</b>		
- Bank overdraft interest paid or accrued	269	1,339
- Bank loan interest paid or accrued	190	1,946
- Motor vehicle lease interest expense	440	713
- Property lease interest expense	5,873	6,146
- Unwinding of make-good provision	221	212
	<b>6,993</b>	<b>10,356</b>
Finance costs are recognised as expenses when incurred using the effective interest rate.		
<b>c) Employee benefit expenses</b>		
Wages and salaries	401,978	420,430
Non-cash benefits	4,980	5,132
Contributions to defined contribution plans	33,383	36,654
Expenses related to long service leave	4,745	2,629
Other expenses	21,028	26,823
	<b>466,114</b>	<b>491,668</b>
<b>d) Recognition exemption</b>		
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.		
<b>Expenses relating to low-value leases</b>	<b>10,857</b>	<b>10,830</b>

## Notes to the financial statements (continued)

### Note 11 Income tax expense

	2021 \$	2020 \$
<b>a) Amounts recognised in profit or loss</b>		
<i>Current tax expense</i>		
- Recoupment of prior year tax losses	15,720	25,365
- Movement in deferred tax	905	(6,273)
- Adjustment to deferred tax on AASB 16 retrospective application	-	3,087
- Reduction in company tax rate	2,652	4,936
	<b>19,277</b>	<b>27,115</b>
<b>b) Prima facie income tax reconciliation</b>		
Operating profit before taxation	76,784	103,522
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	19,964	28,469
Tax effect of:		
- Non-deductible expenses	485	449
- Temporary differences	(905)	3,187
- Other assessable income	(3,824)	(6,740)
- Movement in deferred tax	905	(6,273)
- Leases initial recognition	-	3,087
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	2,652	4,936
	<b>19,277</b>	<b>27,115</b>

### Note 12 Trade and other receivables

	2021 \$	2020 \$
<b>a) Current assets</b>		
Trade receivables	49,521	46,084
Prepayments	10,707	10,688
Other receivables and accruals	569	132
	<b>60,797</b>	<b>56,904</b>

### Note 13 Property, plant and equipment

	2021 \$	2020 \$
<b>a) Carrying amounts</b>		
<i>Land</i>		
<b>At cost</b>	<b>49,252</b>	<b>49,252</b>
<i>Buildings</i>		
At cost	91,366	91,366
Less: accumulated depreciation	(22,064)	(19,780)
	<b>69,302</b>	<b>71,586</b>

## Notes to the financial statements (continued)

### Note 13 Property, plant and equipment (continued)

	Note	2021 \$	2020 \$
<b>a) Carrying amounts (continued)</b>			
<i>Leasehold improvements</i>			
At cost		358,753	348,793
Less: accumulated depreciation		(145,438)	(135,536)
		<b>213,315</b>	<b>213,257</b>
<i>Plant and equipment</i>			
At cost		60,315	60,315
Less: accumulated depreciation		(37,936)	(36,148)
		<b>22,379</b>	<b>24,167</b>
<b>Total written down amount</b>		<b>354,248</b>	<b>358,262</b>
<b>b) Reconciliation of carrying amounts</b>			
<i>Land</i>			
Carrying amount at beginning		49,252	49,252
<i>Buildings</i>			
Carrying amount at beginning		71,586	73,870
Depreciation		(2,284)	(2,284)
		<b>69,302</b>	<b>71,586</b>
<i>Leasehold improvements</i>			
Carrying amount at beginning		213,257	215,177
Additions		9,960	7,735
Depreciation		(9,902)	(9,655)
		<b>213,315</b>	<b>213,257</b>
<i>Plant and equipment</i>			
Carrying amount at beginning		24,167	26,296
Depreciation		(1,788)	(2,129)
		<b>22,379</b>	<b>24,167</b>
<i>Motor vehicles</i>			
Carrying amount at beginning		-	12,983
Lease asset transferred out - at cost	14b)	-	(23,956)
Lease asset transferred out - accumulated depreciation	14b)	-	10,973
		-	-
<b>Total written down amount</b>		<b>354,248</b>	<b>358,262</b>

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

### c) Changes in estimates

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

## Notes to the financial statements (continued)

### Note 14 Right-of-use assets

	Note	2021 \$	2020 \$
<b>a) Carrying amounts</b>			
<i>Leased land and buildings</i>			
At cost		195,694	194,500
Less: accumulated depreciation		(63,864)	(50,800)
		<b>131,830</b>	<b>143,700</b>
<i>Leased motor vehicles</i>			
At cost		23,956	23,956
Less: accumulated depreciation		(20,555)	(15,764)
		<b>3,401</b>	<b>8,192</b>
<b>Total written down amount</b>		<b>135,231</b>	<b>151,892</b>
<b>b) Reconciliation of carrying amounts</b>			
<i>Leased land and buildings</i>			
Carrying amount at beginning		143,700	-
Initial recognition on transition		-	190,501
Accumulated depreciation on adoption		-	(38,100)
Remeasurement adjustments		1,193	3,998
Depreciation		(13,063)	(12,699)
<b>Carrying amount at end</b>		<b>131,830</b>	<b>143,700</b>
<i>Leased motor vehicles</i>			
Carrying amount at beginning		8,192	-
Lease asset transferred in - at cost	13b)	-	23,956
Lease asset transferred in - accumulated depreciation	13b)	-	(10,973)
Depreciation		(4,791)	(4,791)
<b>Carrying amount at end</b>		<b>3,401</b>	<b>8,192</b>
<b>Total written down amount</b>		<b>135,231</b>	<b>151,892</b>

### Note 15 Intangible assets

	2021 \$	2020 \$
<b>a) Carrying amounts</b>		
<i>Franchise fee</i>		
At cost	71,440	62,867
Less: accumulated amortisation	(54,867)	(50,608)
	<b>16,573</b>	<b>12,259</b>
<i>Franchise establishment fee - Camperdown</i>		
At cost	50,000	50,000
Less: accumulated amortisation	(10,000)	-
	<b>40,000</b>	<b>50,000</b>

## Notes to the financial statements (continued)

### Note 15 Intangible assets (continued)

	2021 \$	2020 \$
<b>a) Carrying amounts (continued)</b>		
<i>Franchise renewal process fee</i>		
At cost	157,203	114,337
Less: accumulated amortisation	(114,337)	(103,040)
	<b>42,866</b>	<b>11,297</b>
<b>Total written down amount</b>	<b>99,439</b>	<b>73,556</b>
<b>b) Reconciliation of carrying amounts</b>		
<i>Franchise fee</i>		
Carrying amount at beginning	12,259	4,519
Additions	8,573	10,000
Amortisation	(4,259)	(2,260)
	<b>16,573</b>	<b>12,259</b>
<i>Franchise establishment fee - Camperdown</i>		
Carrying amount at beginning	50,000	-
Additions	-	50,000
Amortisation	(10,000)	-
	<b>40,000</b>	<b>50,000</b>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	11,297	22,594
Additions	42,866	-
Amortisation	(11,297)	(11,297)
	<b>42,866</b>	<b>11,297</b>
<b>Total written down amount</b>	<b>99,439</b>	<b>73,556</b>

During the financial year the franchise fee for Cobden was renewed. This is to be amortised over the next four years to June 2025.

### 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 16 Tax assets and liabilities

	2021 \$	2020 \$
<b>a) Deferred tax</b>		
<i>Deferred tax assets</i>		
- employee provisions	7,978	9,595
- make-good provision	1,409	1,408
- lease liability	35,114	39,129
- carried-forward tax losses	57,550	75,573
<b>Total deferred tax assets</b>	<b>102,051</b>	<b>125,705</b>



## Notes to the financial statements (continued)

### Note 16 Tax assets and liabilities (continued)

	2021 \$	2020 \$
<b>a) Deferred tax (continued)</b>		
<i>Deferred tax liabilities</i>		
- income accruals	129	-
- deductible prepayments	2,677	2,779
- right-of-use assets	32,958	37,362
<b>Total deferred tax liabilities</b>	<b>35,764</b>	<b>40,141</b>
<b>Net deferred tax assets (liabilities)</b>	<b>66,287</b>	<b>85,564</b>
<b>Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income</b>	<b>19,277</b>	<b>(27,115)</b>
<b>Movement in deferred tax charged to Statement of Changes in Equity</b>	<b>-</b>	<b>3,086</b>

### Note 17 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 \$
<b>a) Current liabilities</b>		
Trade creditors	25,593	4,300
Other creditors and accruals	50,495	47,402
	<b>76,088</b>	<b>51,702</b>
<b>b) Non-current liabilities</b>		
<b>Other creditors and accruals</b>	<b>82,037</b>	<b>52,800</b>

### Note 18 Loans and borrowings

	2021 \$	2020 \$
<b>a) Current liabilities</b>		
Bank overdraft	10,251	25,552
Secured bank loans	689	-
	<b>10,940</b>	<b>25,552</b>

#### *Bank overdraft*

The company has an approved overdraft limit of \$100,000 which was drawn down to \$10,251. The company has \$89,749 overdraft remaining before exceeding the approved limited or required to re-negotiate the terms.

#### *Secured bank loans*

The loan is an interest only bank loan which is due to mature 16 March 2022. Interest is now recognised at an average rate of 2.03% (2020: 2.102%). The loan is secured by a fixed charge over the property at 151 Manifold Street, Camperdown.

## Notes to the financial statements (continued)

### Note 18 Loans and borrowings (continued)

	2021 \$	2020 \$
<b>b) Non-current liabilities</b>		
<b>Secured bank loans</b>	-	49,883

### 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
Bank overdraft	2.04%	Floating	10,251	10,251	25,552	25,552
Secured bank loans	2.03%	2022	689	689	49,883	49,883

## Note 19 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.00%.

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:

- Cobden branch  
The lease agreement commenced in July 2006. 5 year renewal options were exercised in 2011 and 2016. The company has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2031.
- Motor vehicle  
The lease agreement is a non-cancellable term of 5 years. Upon the final lease payment the registered security over the motor vehicles is removed.

	2021 \$	2020 \$
<b>a) Current lease liabilities</b>		
Property lease liabilities	17,238	17,095
Unexpired interest	(5,461)	(5,873)
	<b>11,777</b>	<b>11,222</b>
Motor vehicle lease liabilities	4,100	6,150
Unexpired interest	(85)	(401)
	<b>4,015</b>	<b>5,749</b>
	<b>15,792</b>	<b>16,971</b>
<b>b) Non-current lease liabilities</b>		
Property lease liabilities	153,718	169,516
Unexpired interest	(25,038)	(30,243)
	128,680	139,273
Motor vehicle lease liabilities	-	4,100
Unexpired interest	-	(85)
	-	<b>4,015</b>
	<b>128,680</b>	<b>143,288</b>

## Notes to the financial statements (continued)

### Note 19 Lease liabilities (continued)

	2021 \$	2020 \$
<b>c) Reconciliation of lease liabilities</b>		
Balance at the beginning	160,259	15,199
Initial recognition on AASB 16 transition	-	158,422
Remeasurement adjustments	1,196	3,997
Lease interest expense	6,273	6,859
Lease payments - total cash outflow	(23,256)	(24,218)
	<b>144,472</b>	<b>160,259</b>
<b>d) Maturity analysis</b>		
- Not later than 12 months	21,338	23,245
- Between 12 months and 5 years	67,521	71,050
- Greater than 5 years	86,197	102,566
<b>Total undiscounted lease payments</b>	<b>175,056</b>	<b>196,861</b>
Unexpired interest	(30,584)	(36,602)
<b>Present value of lease liabilities</b>	<b>144,472</b>	<b>160,259</b>

### Note 20 Provisions

	2021 \$	2020 \$
<b>a) Non-current liabilities</b>		
<b>Make-good on leased premises</b>	<b>5,635</b>	<b>5,414</b>

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 \$8,400 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 30 June 2031 at which time it is expected the face-value costs to restore the premises will fall due.

### Note 21 Employee benefits

	2021 \$	2020 \$
<b>a) Current liabilities</b>		
Provision for annual leave	14,934	20,007
Provision for long service leave	16,716	13,240
	<b>31,650</b>	<b>33,247</b>
<b>b) Non-current liabilities</b>		
<b>Provision for long service leave</b>	<b>260</b>	<b>3,657</b>

### c) Key judgement and assumptions

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.

## Notes to the financial statements (continued)

### Note 22 Issued capital

	2021		2020	
	Number	\$	Number	\$
<b>a) Issued capital</b>				
Ordinary shares - fully paid	725,012	725,012	725,012	725,012
Less: equity raising costs	-	(26,557)	-	(26,557)
	<b>725,012</b>	<b>698,455</b>	<b>725,012</b>	<b>698,455</b>

#### 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 302. As at the date of this report, the company had 329 shareholders (2020: 329 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.

## Notes to the financial statements (continued)

Note 22 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 23 Accumulated losses

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		(354,791)	(394,062)
Adjustment for transition to AASB 16		-	(8,136)
Net profit after tax from ordinary activities		57,507	76,407
Dividends provided for or paid	28a)	(36,251)	(29,000)
<b>Balance at end of reporting period</b>		<b>(333,535)</b>	<b>(354,791)</b>

### Note 24 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	57,507	76,407
Adjustments for:		
- Depreciation	31,828	31,558
- Amortisation	25,556	13,557
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(3,892)	5,590
- (Increase)/decrease in other assets	19,277	40,671
- Increase/(decrease) in trade and other payables	17,781	(27,083)
- Increase/(decrease) in employee benefits	(4,994)	4,647
- Increase/(decrease) in provisions	221	212
<b>Net cash flows provided by operating activities</b>	<b>143,284</b>	<b>145,559</b>

## Notes to the financial statements (continued)

### Note 25 Financial instruments

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

	Note	2021 \$	2020 \$
<b>Financial assets</b>			
<b>Trade and other receivables</b>	<b>12</b>	<b>50,090</b>	<b>46,216</b>
<b>Financial liabilities</b>			
Trade and other payables	17	132,532	100,202
Bank overdrafts	18	10,251	25,552
Secured bank loans	18	689	49,883
Lease liabilities	19	144,472	160,259
		<b>287,944</b>	<b>335,896</b>

### Note 26 Auditor's remuneration

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

	2021 \$	2020 \$
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- General advisory services	2,990	2,590
- Share registry services	3,562	3,545
<b>Total auditor's remuneration</b>	<b>11,552</b>	<b>10,935</b>

### Note 27 Related parties

#### a) Details of key management personnel

The directors of the company during the financial year were:

Patricia Jean Robertson	Brooke Love
James Alfred Green	Gregory Leigh Suter
Norman William Duncanson	Lisa Louise Dickinson
Bradley Weston Collins	Marcus James Hooker

#### 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.

## Notes to the financial statements (continued)

### Note 28 Dividends provided for or paid

#### a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
<b>Unfranked dividend</b>	<b>5.00</b>	<b>36,251</b>	<b>4.00</b>	<b>29,000</b>

### Note 29 Earnings per share

#### a) Basic and diluted earnings per share

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

	2021	2020
	\$	\$
Profit attributable to ordinary shareholders	57,507	76,407
	Number	Number
Weighted-average number of ordinary shares	725,012	725,012
	Cents	Cents
Basic and diluted earnings per share	7.93	10.54

### Note 30 Commitments

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

### Note 31 Contingencies

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

### Note 32 Subsequent events

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

# Directors' declaration

In accordance with a resolution of the directors of Cobden & Districts Community Finance 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.



**Brooke Love,**  
**Director**

Dated this 3rd day of September 2021



# Independent audit report



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

## Independent auditor's report to the Directors of Cobden & Districts Community Finance Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Cobden & Districts Community Finance 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 Cobden & Districts Community Finance 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.





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

## 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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61 Bull Street  
Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

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: 3 September 2021

**Joshua Griffin**  
Lead Auditor

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**Community Bank · Cobden & Districts**

37 Curdie Street, Cobden VIC 3266

Phone: 03 5595 1191 Fax: 03 5595 1149

Email: [cobden@bendigoadelaide.com.au](mailto:cobden@bendigoadelaide.com.au)

Web: [bendigobank.com.au/cobden](http://bendigobank.com.au/cobden)

**Community Bank · Camperdown**

151 Manifold Street, Camperdown VIC 3260

Phone: 03 5593 2434 Fax: 03 5593 2460

Email: [camperdown@bendigoadelaide.com.au](mailto:camperdown@bendigoadelaide.com.au)

Web: [bendigobank.com.au/camperdown](http://bendigobank.com.au/camperdown)



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Franchisee:

Cobden & Districts Community Finance Limited

ABN: 84 117 781 049

37 Curdie Street, Cobden VIC 3266

Phone: 03 5595 1191 Fax: 03 5595 1149

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