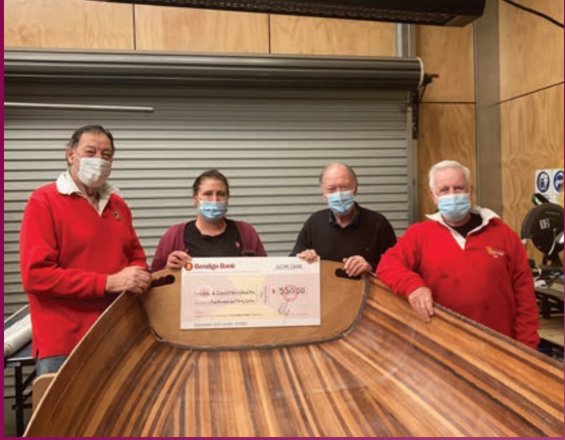

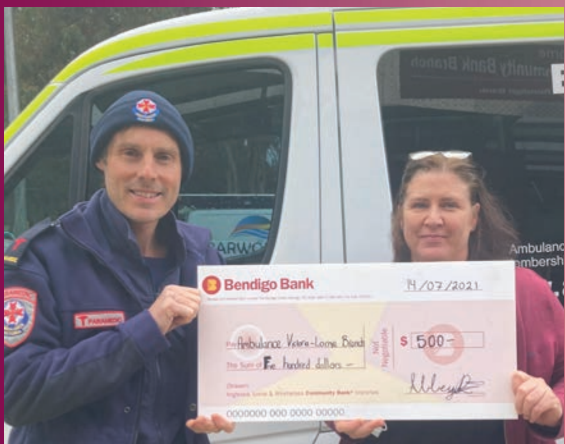

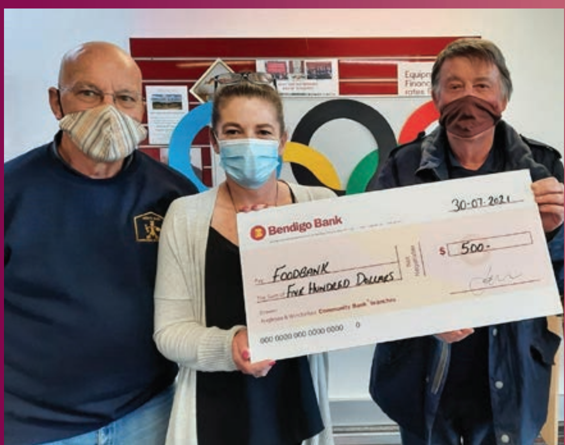

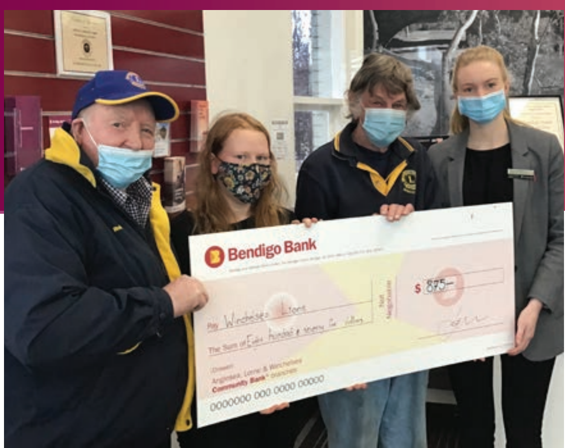

Corangamite Financial Services Limited

ABN 80 105 703 099

2021 Annual Report

Community Bank
Anglesea & District, Lorne
and Winchelsea & District

Contents

Chairperson's report

For year ending 30 June 2021

In another unprecedented year of change, I have much pleasure in presenting my Chairperson report, outlining another successful year in the continued growth of our banking business.

We have experienced another year affected by COVID-19 and its outcomes have once again had a major effect on our region and our community.

In trying times of squeezed margins and ever changing restrictions and requirements, we are so thankful for a committed, motivated banking staff led by Senior Managers Jeremy Morris and Matilda Pink, along with Assistant Branch Manager Julie Dunkley. Their passion and drive, with great support from Bendigo and Adelaide Bank, along with existing and new customers in our communities, has allowed us to once again post a significant financial result for the year.

A special mention must be made of the efforts of our staff who, in the face of extremely tight margins and pressure on our income from falling returns, have generated a total growth in business of in excess of 12%, taking our total bank funds to an excess of $400 million and helping to offset the impact of the current low interest environment. This is a fantastic result under very trying circumstances, and the team deserve huge credit for their efforts.

This outcome has enabled us to continue our investment back in to our community with a total of $109,000 paid to local groups and another $100,000 contributed to the Community Enterprise Foundation™, bringing our total held to $940,000 for future community investment.

This year has seen the complete rebuild of our new premises at 65 Great Ocean Road, Anglesea. This is an investment in our future in Anglesea, now operating the only bank in the township and owning the bricks and mortar investment also.

Also in 2021, in conjunction with other community groups, Corangamite Financial Services Limited has formed a not-for-profit enterprise, Winanglo Inc, with the aim of facilitating the construction and management of Independent Living Units within our catchment area in the future. This promises to be a great outcome for the communities we serve, and we are proud of our ability to be part of this initiative.

We also celebrate the eighteenth year of service from our two longest serving staff members, with both Jeremy Morris and Sally Dyer having been with Corangamite Financial Services Limited from its inception. I thank them for their many years of dedication to our community and customers.

On behalf of our Board, I thank Bendigo and Adelaide Bank management staff, in particular our Regional Manager, Mark Cunneen, for the communication, direction and advice given both to our staff and Board to assist in guiding us through this difficult period.

I would like to personally thank our dedicated and passionate volunteer Board members for their support in these everchanging and difficult times. We continue to grow the business in both financial and community outcomes.

And lastly, thank you to you, our shareholders for being supporters of the Community Bank.

John Knuckey
Chairperson

Managers' report

For year ending 30 June 2021

We are pleased to report on some great results across Community Bank Anglesea, Lorne and Winchelsea in what has been the most unpredictable and uncertain year in our trading history.

The coronavirus pandemic continued to be the main influence on the way in which we went about our lives. Restrictions and lockdowns have been common throughout the year and had a large impact on the way in which we operated our business and those of our customers throughout our community. Being an essential service there was minimal interruption to our customers as we maintained usual trading hours, however our branches have been more clinical in appearance with hand sanitiser upon entry, protective screens, staff with face masks and restrictions on the number customers allowed to enter the branch for us the comply with the regulations and play our part to reduce the risk to our customers, staff and community. These restrictions and lockdowns have had a huge impact on many local businesses largely dependant on travel and entertainment such as accommodation and hospitality. However the financial services industry experienced a boom with a steep surge in property demand and prices, and an increase in deposit holdings as many investors looked for the security of bank deposits.

Our growing reputation of relationship bankers and community providers has shone over the past year despite a reduced capacity to actively interact face-to-face.

Our Community Banks grew by $45 million (12.3%) in total, nearly tripling our target of $15.8 million, our highest growth volume in our 18 year history. Each branch exceeded our growth projections with a collective increase of $30 million in deposits and $15 million in loans bringing our total holdings to $410 million. This is an amazing effort and credit to our team particularly given the challenging environment with less ability to meet with customers face-to-face.

The falling interest rates and government focus to maintain these at record lows have had a similar result on our income margin which has also fallen to a record low. This resulted in a decline of 1.2% in revenue from the previous financial year, despite the 12.3% business growth.

Our pre-tax profit was consistent with previous years at $185,000 ($164,000 in 2020), after community related investment of $209,000. Our total contributions back to our communities is now in excess of $3 million, which generated thanks to the support of our customers with their banking business held at our branches.

We are extremely proud and would like to thank our branch team who have rallied together to support our customers, community and each other and have been very adaptable having to react to the everchanging circumstances and achieve some outstanding business results. We are very fortunate to have support of our dedicated Board of voluntary Directors and have the guidance of our partners in Bendigo Bank.

Jeremy Morris & Matilda Pink
Corangamite Financial Services Management

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:

John McKenzie Knuckey

Chair

Occupation: Business Proprietor - Engineering

Qualifications, experience and expertise: Self employed in the agricultural retail and manufacturing industry for 40 years. Past executive of local sporting clubs. Long time local resident.

Special responsibilities: Assets & Finance Committee, Executive Committee, Governance Committee, Marketing and Community Investment Committee.

Interest in shares: 4,700 ordinary shares

Robert John Earl

Non-executive director

Occupation: Civil Contactor

Qualifications, experience and expertise: Qualified Diesel Fitter and holds a Diploma of Occupational Health and Safety. Managed own business and staff since May 1988, ten years in heavy construction and mining. Former president of the Civil Contractors Federation for ten years, founding member of the Winchelsea Tourist and Traders, former member of the SES and Landcare and former mentor at the Winchelsea Primary School.

Special responsibilities: Marketing and Community Investment Committee.

Interest in shares: 28,200 ordinary shares

Kenneth Ian McDonald

Non-executive director

Occupation: Real Estate Consultant

Qualifications, experience and expertise: Self employed Real Estate Agent/Grain Consultant. Long time local resident and community volunteer.

Special responsibilities: Assets & Finance Committee.

Interest in shares: 1,800 ordinary shares

John Hubert Tebbutt

Non-executive director

Occupation: Retired Barrister at Law

Qualifications, experience and expertise: Barrister at Law for 43 years. Licensed Legal Practitioner and Accredited Mediator (Bond University). Past President of the Torquay Golf Club. Part time Farmer.

Special responsibilities: Governance Committee.

Interest in shares: nil share interest held

Directors (continued)

Pamela Margaret Sandlant

Non-executive director

Occupation: Farmer, Business Manager, Retired School Principal

Qualifications, experience and expertise: Bachelor of Education. (B.Ed.) Diploma of Teaching - Primary (Dip.T) Reading Recovery - Tutor. Emotional Literacy through Visual Arts (ELVA) - Tutor. Various Professional Certificates in Educational Leadership, Teaching & Learning, Mentoring, Coaching etc. Educational and School Leadership and Management as School Principal in Self Managing Schools - 22 years. Teacher/Unit Leader/Coordinator - 18 years. Farm management - 45 years. Administration, business management, accounting, HR, OH&S, marketing, bank liaison etc. Committee of Management Anglesea Community House - Board Member and minute secretary - 15 years. Anglesea, Winchelsea and Lorne Community Bank - Director - 7 years. Member of the Governance Committee - 7 years. Various Project Management positions for the Victorian Department of Education - 4 years. Current - Director Community Bank Beaufort (Beaufort Financial Services). Current - Director and Secretary - RW&PM Sandlant Pty Ltd.

Special responsibilities: Governance Committee.

Interest in shares: nil share interest held

Raylene Margaret Fordham

Non-executive director

Occupation: Business Owner

Qualifications, experience and expertise: Managing Director of a national mystery shopping company. Business Owner of a local accommodation facility. Raylene is a goal-oriented professional with solid managerial and people skills. Highly organised and able to manage multiple tasks. Strong work ethic coupled with the deepest commitment to achieving successful outcomes. Highly adaptable to change. Decisive, possessing a keen understanding of commercial realities.

Special responsibilities: Deputy Chair, Chair of the Governance Committee.

Interest in shares: nil share interest held

Andrew Lindsay Jones

Non-executive director

Occupation: Management Consultant

Qualifications, experience and expertise: Bachelor of Science, Graduate Diploma of Polymer Science & Graduate Diploma of Marketing. Founder and chair of a national business advisory business. Twenty years experience as General Manager of large manufacturing businesses on glass, packaging and building products industries. Director of Rotary Club of Belmont and APCO Foundation.

Special responsibilities: Chair of Marketing and Community Investment Committees.

Interest in shares: nil share interest held

Garrick Charles Fenton

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Farmer, member of Lorne Hospital Board, Lorne Men's Shed Committee and Ballarat Sports Museum.

Special responsibilities: Marketing and Community Investment Committees.

Interest in shares: 14,400 ordinary shares

Directors (continued)

Gerard William Kelly

Non-executive director

Occupation: Retired Accountant

Qualifications, experience and expertise: Bachelor of Commerce, 8 years with a major international accounting firm in Melbourne followed by 30 years in public practice in Colac, specialising in rural and small business. 30 years involvement with scouting in Colac. Strong family connections with Winchelsea and district.

Special responsibilities: Asset and Finance Committee

Interest in shares: nil share interest held

Paul Leonard Nigro

Non-executive director (appointed 25 August 2020)

Occupation: Business Owner

Qualifications, experience and expertise: Former Lending and Corporate Services Manager in a financial institution. 20 years as a self-employed business owner. Currently the Senior Coach of the Anglesea Football Netball Club senior football team. Has been actively involved as a coach of local football since 2000.

Special responsibilities: Governance Committee, Executive 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 Raylene Margaret Fordham. Raylene was appointed to the position of secretary on 2 December 2015.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
143,457	123,425

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
John McKenzie Knuckey	4,700	-	4,700
Robert John Earl	28,200	-	28,200
Kenneth Ian McDonald	1,800	-	1,800
John Hubert Tebbutt	-	-	-
Pamela Margaret Sandlant	-	-	-
Raylene Margaret Fordham	-	-	-
Andrew Lindsay Jones	-	-	-
Garrick Charles Fenton	14,400	-	14,400
Gerard William Kelly	-	-	-
Paul Leonard Nigro	-	-	-

Dividends

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

	Cents per share	Total amount $
Final fully franked dividend	6	85,272

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

E - eligible to attend   A - number attended

	Board Meetings		Committee Meetings							
			Marketing & Community Investment		Assets & Finance		Governance		Executive	
	E	A	E	A	E	A	E	A	E	A
John McKenzie Knuckey	11	11	12	3	12	4	-	-	12	3
Robert John Earl	11	9	12	2	-	-	-	-	-	-
Kenneth Ian McDonald	11	9	-	-	12	5	-	-	-	-
John Hubert Tebbutt	11	10	-	-	-	-	12	2	12	1
Pamela Margaret Sandlant	11	10	-	-	-	-	12	2	-	-
Raylene Margaret Fordham	11	11	-	-	-	-	12	2	12	3
Andrew Lindsay Jones	11	11	12	7	-	-	-	-	-	-
Garrick Charles Fenton	11	10	12	2	-	-	-	-	-	-
Gerard William Kelly	11	10	12	1	12	5	-	-	12	3
Paul Leonard Nigro	7	2	-	-	-	-	-	-	-	-

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 30 to the accounts.

Non audit services (continued)

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

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

Auditor's independence declaration

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

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

John McKenzie Knuckey
Chair

Dated this 15th 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 Corangamite Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 15 September 2021

Joshua Griffin
Lead Auditor

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

Financial statements

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

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	2,364,939	2,345,728
Other revenue	9	103,266	150,476
Finance income	10	598	45
Employee benefit expenses	11d)	(1,364,637)	(1,248,545)
Marketing, sponsorship, advertising and promotion		(230,245)	(333,334)
Occupancy and associated costs		(68,000)	(67,566)
Systems costs		(99,888)	(103,741)
Depreciation and amortisation expense	11a)	(277,300)	(286,765)
Impairment losses	11b)	-	(12,466)
Finance costs	11c)	(37,609)	(53,147)
General administration expenses		(205,544)	(226,496)
Profit before income tax expense		**185,580**	**164,189**
Income tax expense	12a)	(42,123)	(40,764)
Profit after income tax expense		**143,457**	**123,425**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**143,457**	**123,425**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	33a)	10.09	8.68

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	14,341	93,999
Trade and other receivables	15a)	192,413	192,837
Current tax assets	19a)	29,799	-
Total current assets		**236,553**	**286,836**
Non-current assets			
Investment property	14a)	1,596	4,711
Property, plant and equipment	16a)	2,111,385	1,834,269
Right-of-use assets	17a)	462,891	544,348
Intangible assets	18a)	65,201	108,669
Deferred tax asset	19b)	-	15,115
Total non-current assets		**2,641,073**	**2,507,112**
Total assets		**2,877,626**	**2,793,948**
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	231,377	116,939
Current tax liabilities	19a)	-	22,734
Loans and borrowings	21a)	86,090	63,564
Lease liabilities	22a)	69,035	117,320
Employee benefits	24a)	158,134	101,547
Total current liabilities		**544,636**	**422,104**
Non-current liabilities			
Trade and other payables	20b)	-	41,012
Loans and borrowings	21b)	339,484	388,420
Lease liabilities	22b)	425,239	462,413
Employee benefits	24b)	44,487	39,486
Provisions	23a)	8,118	7,839
Deferred tax liability	19b)	24,803	-
Total non-current liabilities		**842,131**	**939,170**
Total liabilities		**1,386,767**	**1,361,274**
Net assets		**1,490,859**	**1,432,674**
EQUITY			
Issued capital	25a)	966,000	966,000
Reserves	26b)	111,818	111,818
Retained earnings	27	413,041	354,856
Total equity		**1,490,859**	**1,432,674**

The accompanying notes form part of these financial statements.

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

	Notes	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2019		966,000	111,818	316,703	1,394,521
Total comprehensive income for the year		-	-	123,425	123,425
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	32a)	-	-	(85,272)	(85,272)
Balance at 30 June 2020		**966,000**	**111,818**	**354,856**	**1,432,674**
Balance at 1 July 2020		966,000	111,818	354,856	1,432,674
Total comprehensive income for the year		-	-	143,457	143,457
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	32a)	-	-	(85,272)	(85,272)
Balance at 30 June 2021		**966,000**	**111,818**	**413,041**	**1,490,859**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		2,668,393	2,687,014
Payments to suppliers and employees		(2,044,847)	(2,242,427)
Interest received		598	45
Interest paid		(14,448)	(27,626)
Lease payments (interest component)	11c)	(22,811)	(25,185)
Lease payments not included in the measurement of lease liabilities	11e)	(42,933)	(42,505)
Income taxes paid		(54,739)	(55,494)
Net cash provided by operating activities	**28**	**489,213**	**293,822**
Cash flows from investing activities			
Payments for property, plant and equipment		(315,765)	(96,942)
Proceeds from sale of property, plant and equipment		-	42,727
Payments for intangible assets		(37,284)	(37,284)
Payments for right-of-use assets		-	(142,653)
Net cash used in investing activities		**(353,049)**	**(234,152)**
Cash flows from financing activities			
Proceeds from lease arrangements		-	103,700
Repayment of loans and borrowings		(48,936)	(60,977)
Lease payments (principal component)		(104,140)	(97,094)
Dividends paid	32	(85,272)	(85,272)
Net cash used in financing activities		**(238,348)**	**(139,643)**
Net cash decrease in cash held		**(102,184)**	**(79,973)**
Cash and cash equivalents at the beginning of the financial year		93,999	173,972
Cash and cash equivalents at the end of the financial year	**13b)**	**(8,185)**	**93,999**

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

Registered Office	**Principal Place of Business**
11 Main Street Winchelsea VIC 3241	11 Main Street Winchelsea VIC 3241
	97 Great Ocean Road Anglesea VIC 3230
	1/32 Mountjoy Parade Lorne VIC 3232

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 31.

Note 2 Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties that are measured at revalued amounts or fair values at the end of each reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 15 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.

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

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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.

Note 4 Summary of significant accounting policies (continued)

b) Other revenue (continued)

Revenue stream	Revenue recognition policy
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

Note 4 Summary of significant accounting policies (continued)

c) Economic dependency - Bendigo Bank (continued)

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

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

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

Note 4 Summary of significant accounting policies (continued)

e) Taxes (continued)

Deferred tax (continued)

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

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Building	Straight-line	40 years
Leasehold improvements	Straight-line	5 to 15 years
Furniture, fixtures and fittings	Diminishing value	4 to 40 years
Motor vehicles	Diminishing value	3 to 5 years

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

h) Intangible assets

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

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

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

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

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)
Goodwill on purchase of agency	Assessed for impairment	Finite

Note 4 Summary of significant accounting policies (continued)

h) Intangible assets (continued)

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

i) Financial instruments

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

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 oss immediately.

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

Note 4 Summary of significant accounting policies (continued)

m) Leases (continued)

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

As a lessor

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Given the term of the sublease is less than the head lease term, the sublease does not meet the definition of a finance sublease and as such is an operating lease.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property. The portion calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

n) Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Note 4 Summary of significant accounting policies (continued)

n) Fair value measurement (continued)

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

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 22 - 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;
d) sublease classification	d) judgement is required to determine the classification of the sublease as either an operating or a finance sublease.

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 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 16 - fair value	determining the fair value less costs to sell of the disposal group on the basis valuations performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 24 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 23 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

Note 6 Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

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

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

- $60,000 temporary overdraft facility with available facility of $37,474 as at 30 June 2021. Interest is payable at a rate of 8.64% (2020: n/a).
- $504,000 commercial loan facility secured by the company's assets. Interest is payable at a rate of 4.59% (2020: 4.59%).

The bank overdraft is repayable on demand and used for cash management purposes. It is reviewed annual by the lender, Bendigo Bank. As at balance date, the temporary overdraft was due to expire 30 July 2021.

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	22,526	22,526	-	-
Bank loans	403,048	63,564	317,820	21,664
Lease liabilities	494,274	88,462	265,262	236,250
Trade and other payables	231,377	231,377	-	-
	1,151,225	**405,929**	**583,082**	**257,914**

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 loans	451,984	63,564	317,820	70,600
Lease liabilities	579,733	139,854	276,607	276,607
Trade and other payables	157,951	116,939	41,012	-
	1,189,668	**320,357**	**635,439**	**347,207**

c) Market risk

Market risk

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

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

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. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $14,341 at 30 June 2021 (2020: $93,999). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	1,949,823	1,938,764
- Fee income	163,440	184,333
- Commission income	251,676	222,631
	2,364,939	**2,345,728**

Note 9 Other revenue

	2021 $	2020 $
- Sub-leasing income	24,416	21,666
- Market development fund income	40,000	63,750
- Cash flow boost	37,500	62,500
- Sale of property, plant and equipment	-	856
- Other income	1,350	1,704
	103,266	**150,476**

Note 10 Finance income

	2021 $	2020 $
- Term deposits	**598**	**45**

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

Note 11 Expenses

	2021 $	2020 $
a) Depreciation and amortisation expense		
Depreciation of non-current assets:		
- Buildings	10,625	10,625
- Leasehold improvements	101,801	102,697
- Furniture and fittings	12,224	22,314
- Motor vehicles	5,999	11,805
	130,649	**147,441**
Depreciation of right-of-use assets		
- Leased land and buildings	85,351	84,864
- Leased motor vehicles	17,832	10,992
	103,183	**95,856**
Amortisation of intangible assets:		
- Franchise fee	22,036	22,036
- Franchise renewal process fee	21,432	21,432
	43,468	**43,468**
Total depreciation and amortisation expense	**277,300**	**286,765**

b) Impairment expense		
- Other intangible assets	**-**	**12,466**

The company re-assessed the useful life of its cash-generating unit for domiciled accounts purchased from Bendigo Bank. As a result of the reassessment, the carrying amount was found to exceed the recoverable amount indicating the asset was fully impaired. As such, an impairment loss was recognised during the previous financial year.

	2021 $	2020 $
c) Finance costs		
- Bank loan interest paid or accrued	18,226	27,318
- Lease interest expense	19,033	25,493
- Unwinding of make-good provision	350	336
	37,609	**53,147**

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

Note 11 Expenses (continued)

	2021 $	2020 $
d) Employee benefit expenses		
Wages and salaries	1,171,914	1,075,894
Non-cash benefits	-	41
Contributions to defined contribution plans	107,525	99,590
Expenses related to long service leave	13,926	3,518
Other expenses	71,272	69,502
	1,364,637	**1,248,545**

e) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	**42,933**	**42,505**

Note 12 Income tax expense

	2021 $	2020 $
a) Amounts recognised in profit or loss		
Current tax expense		
- Current tax	2,206	54,457
- Movement in deferred tax	40,909	(36,116)
- Adjustment to deferred tax on AASB 16 retrospective application	-	21,551
- Reduction in company tax rate	(992)	872
	42,123	**40,764**
b) Prima facie income tax reconciliation		
Operating profit before taxation	185,580	164,189
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	48,251	45,152
Tax effect of:		
- Non-deductible expenses	4,614	8,491
- Temporary differences	(40,909)	14,564
- Other assessable income	(9,750)	(13,750)
- Movement in deferred tax	40,909	(36,116)
- Leases initial recognition	-	21,551
- Reduction in company tax rate	(992)	872
	42,123	**40,764**

Note 13 Cash and cash equivalents

	2021 $	2020 $
a) Cash and cash equivalents		
- Cash at bank and on hand	**14,341**	**93,999**

Note 13 Cash and cash equivalents (continued)

b) Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand, cash held with financial and banking institutions, and investments in short-term money financial instruments, net of outstanding bank overdrafts. Bank overdrafts are presented with loans and borrowings.

The below figures reconcile to the amount of cash shown in the Statement of Cash Flows at the end of the financial year as follows:

	Note	2021 $	2020 $
- Cash at bank and on hand		14,341	93,999
- Bank overdraft	21a)	(22,526)	-
		(8,185)	**93,999**

Note 14 Investment property

The company subleases some of its property. The company initially measures the head lease in accordance with AASB 16 before separately identifying the sublease portion under AASB 140 Investment Property. The investment property is initially measured at cost under AASB 16 and subsequently measured at cost less accumulated depreciation under AASB 140.

	2021 $	2020 $
a) Carrying amounts		
Investment properties - sublease		
At cost	22,162	19,167
Less: accumulated depreciation	(20,566)	(14,456)
	1,596	**4,711**
b) Reconciliation of carrying amounts		
Investment properties - sublease		
Carrying amount at beginning	4,711	-
Initial recognition on transition - at cost	-	19,167
Initial recognition on transition - accumulated depreciation	-	(9,106)
Remeasurement adjustments	3,124	-
Depreciation	(6,239)	(5,350)
Total written down amount	**1,596**	**4,711**

c) Maturity analysis

The operating subleases are monthly periodic leases which commenced 14 December 2016 and 14 August 2018 with both due to expire October 2021.

- Within 12 months	**7,833**	**-**

Note 15 Trade and other receivables

	2021 $	2020 $
a) Current assets		
Trade receivables	178,406	176,233
Prepayments	14,007	16,604
	192,413	**192,837**

Note 16 Property, plant and equipment

	2021 $	2020 $
a) Carrying amounts		
Land		
At cost - Anglesea	284,597	284,597
At fair value - Winchelsea	100,000	100,000
	384,597	**384,597**
Buildings - Winchelsea		
At fair value	412,500	412,500
Less: accumulated depreciation	(41,729)	(31,104)
	370,771	**381,396**
Buildings - Anglesea		
At cost	956,241	553,000
Less: accumulated depreciation	(3,569)	(3,569)
	952,672	**549,431**
Leasehold improvements		
At cost	415,186	410,662
Less: accumulated depreciation	(263,124)	(169,723)
	152,062	**240,939**
Fit out - Winchelsea		
At cost	288,839	288,839
Less: accumulated depreciation	(92,270)	(83,870)
	196,569	**204,969**
Plant and equipment		
At cost	13,377	13,377
Less: accumulated depreciation	(13,377)	(13,377)
	-	**-**
Furniture and fittings		
At cost	178,786	178,786
Less: accumulated depreciation	(145,352)	(133,128)
	33,434	**45,658**
Motor vehicles		
At cost	85,808	85,808
Less: accumulated depreciation	(64,528)	(58,529)
	21,280	**27,279**
Total written down amount	**2,111,385**	**1,834,269**
b) Reconciliation of carrying amounts		
Land		
Carrying amount at beginning	384,597	384,597
Buildings - Winchelsea		
Carrying amount at beginning	381,396	392,021
Depreciation	(10,625)	(10,625)
	370,771	**381,396**

Note 16 Property, plant and equipment (continued)

	2021 $	2020 $
b) Reconciliation of carrying amounts (continued)		
Buildings - Anglesea		
Carrying amount at beginning	549,431	474,431
Additions	403,241	75,000
	952,672	**549,431**
Leasehold improvements		
Carrying amount at beginning	240,939	334,581
Additions	4,524	9,685
Depreciation	(93,401)	(103,327)
	152,062	**240,939**
Fit out - Winchelsea		
Carrying amount at beginning	204,969	214,564
Depreciation	(8,400)	(9,595)
	196,569	**204,969**
Furniture and fittings		
Carrying amount at beginning	45,658	45,491
Additions	-	12,256
Depreciation	(12,224)	(12,089)
	33,434	**45,658**
Motor vehicles		
Carrying amount at beginning	27,279	80,955
Disposals	-	(41,871)
Depreciation	(5,999)	(11,805)
	21,280	**27,279**
Total written down amount	**2,111,385**	**1,834,269**

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.

The company's review of estimates resulted in changes in the useful life. The useful life of the Anglesea Leasehold improvements had previously been assessed as 40 years. This is now expected to be fully written off by October 2021. There were no other changes in estimates for the current reporting period.

d) Fair value

The fair value of investment property was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's investment property portfolio every 3 to 5 years.

The company's land and buildings at Winchelsea (excluding fit out) were independently valued by Hendrey Consulting Pty Ltd in June 2017.

Note 17 Right-of-use assets

	2021 $	2020 $
a) Carrying amounts		
Leased land and buildings		
At cost	1,092,164	1,076,547
Less: accumulated depreciation	(743,102)	(663,860)
	349,062	**412,687**
Leased motor vehicles		
At cost	142,653	142,653
Less: accumulated depreciation	(28,824)	(10,992)
	113,829	**131,661**
Total written down amount	**462,891**	**544,348**
b) Reconciliation of carrying amounts		
Leased land and buildings		
Carrying amount at beginning	412,687	-
Initial recognition on transition	-	1,085,654
Accumulated depreciation on adoption	-	(593,453)
Remeasurement adjustments	21,726	-
Depreciation	(85,351)	(79,514)
	349,062	**412,687**
Leased motor vehicles		
Carrying amount at beginning	131,661	-
Additional right-of-use assets recognised	-	142,653
Depreciation	(17,832)	(10,992)
	113,829	**131,661**
Total written down amount	**462,891**	**544,348**

Note 18 Intangible assets

	2021 $	2020 $
a) Carrying amounts		
Franchise fee		
At cost	256,059	256,059
Less: accumulated amortisation	(223,007)	(200,971)
	33,052	**55,088**
Franchise renewal process fee		
At cost	169,616	169,616
Less: accumulated amortisation	(137,467)	(116,035)
	32,149	**53,581**
Other intangible assets		
At cost	12,466	12,466
Less: impairment	(12,466)	(12,466)
	-	**-**
Total written down amount	**65,201**	**108,669**

Note 18 Intangible assets (continued)

	2021 $	2020 $
b) Reconciliation of carrying amounts		
Franchise fee		
Carrying amount at beginning	55,088	77,124
Amortisation	(22,036)	(22,036)
	33,052	**55,088**
Franchise renewal process fee		
Carrying amount at beginning	53,581	75,013
Amortisation	(21,432)	(21,432)
	32,149	**53,581**
Other intangible assets		
Carrying amount at beginning	12,466	12,466
Impairment	(12,466)	(12,466)
	-	-
Total written down amount	**65,201**	**108,669**

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 19 Tax assets and liabilities

	2021 $	2020 $
a) Current tax		
Income tax payable/(refundable)	**(29,799)**	**22,734**
b) Deferred tax		
Deferred tax assets		
- employee provisions	50,655	36,669
- make-good provision	2,030	2,038
- lease liability	100,690	124,970
Total deferred tax assets	**153,375**	**163,677**
Deferred tax liabilities		
- property, plant and equipment	90,513	40,039
- right-of-use assets	87,665	108,523
Total deferred tax liabilities	**178,178**	**148,562**
Net deferred tax assets (liabilities)	**(24,803)**	**15,115**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**39,918**	**13,693**
Movement in deferred tax charged to Statement of Changes in Equity	**-**	**21,551**

Note 20 Trade creditors and other payables

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

	2021 $	2020 $
a) Current liabilities		
Trade creditors	13,414	20,377
Other creditors and accruals	217,963	96,562
	231,377	**116,939**
b) Non-current liabilities		
Other creditors and accruals	**-**	**41,012**

Note 21 Loans and borrowings

	2021 $	2020 $
a) Current liabilities		
Bank overdraft	22,526	-
Secured bank loans	63,564	63,564
	86,090	**63,564**

Bank overdraft

The company had an approved temporary overdraft limit of $60,000 which was drawn down to $22,526 as at 30 June 2021. The temporary overdraft was fully repaid and expired 30 July 2021.

	2021 $	2020 $
b) Non-current liabilities		
Secured bank loans	**339,484**	**388,420**

c) Terms and repayment schedule

			30 June 2021		30 June 2020	
	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Bank overdraft	8.64%	2021	22,526	22,526	-	-
Secured bank loans	4.59%	2049	403,048	403,048	451,984	451,984

Note 22 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 4.39%.

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:

- Lorne Branch
  The lease agreement commenced in October 2015. A 5 year renewal option was exercised in October 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 September 2031.

Note 22 Lease liabilities (continued)

- Anglesea Branch
  The lease agreement commenced in July 2010. A 5 year renewal option was exercised in July 2016. In July 2021 the company extended the lease on a month to month basis for an additional 4 months. As such, the lease term end date used in the calculation of the lease liability is October 2021.
- Motor vehicle
  The lease agreement is a non-cancellable term of 3 years which commenced in December 2019 . The lease includes a balloon payment at which time the registered security over the motor vehicles is removed.

	2021 $	2020 $
a) Current lease liabilities		
Property lease liabilities	77,118	128,509
Unexpired interest	(15,954)	(18,756)
	61,164	**109,753**
Motor Vehicle lease liabilities	11,344	11,345
Unexpired interest	(3,473)	(3,778)
	7,871	**7,567**
	69,035	**117,320**
b) Non-current lease liabilities		
Property lease liabilities	416,250	461,250
Unexpired interest	(74,654)	(90,352)
	341,596	**370,898**
Motor Vehicle lease liabilities	85,262	96,607
Unexpired interest	(1,619)	(5,092)
	83,643	**91,515**
	425,239	**462,413**
c) Reconciliation of lease liabilities		
Balance at the beginning	579,733	-
Initial recognition on AASB 16 transition	-	573,127
Additional lease liabilities recognised	-	103,700
Remeasurement adjustments	18,681	-
Lease interest expense	22,811	25,185
Lease payments - total cash outflow	(126,951)	(122,279)
	494,274	**579,733**
d) Maturity analysis		
- Not later than 12 months	88,462	139,854
- Between 12 months and 5 years	265,262	276,607
- Greater than 5 years	236,250	281,250
Total undiscounted lease payments	**589,974**	**697,711**
Unexpired interest	(95,700)	(117,978)
Present value of lease liabilities	**494,274**	**579,733**

Note 23 Provisions

	2021 $	2020 $
a) Non-current liabilities		
Make-good on leased premises	**8,118**	**7,839**

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision as at $10,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated provision
Lorne Branch	September 2031	$5,000
Anglesea Branch	October 2021	$5,000

Note 24 Employee benefits

	2021 $	2020 $
a) Current liabilities		
Provision for annual leave	108,630	59,254
Provision for long service leave	49,504	42,293
	158,134	**101,547**
b) Non-current liabilities		
Provision for long service leave	44,487	39,486
	13,414	**20,377**

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.

Note 25 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	**966,000**	**966,000**	**966,000**	**966,000**

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.

Note 25 Issued capital (continued)

b) Rights attached to issued capital (continued)

Ordinary shares (continued)

Voting rights (continued)

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 303. As at the date of this report, the company had 465 shareholders (2020: 465 shareholders).

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

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

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

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

Note 26 Reserves

a) Nature and purpose of reserves

The revaluation reserve relates to the revaluation of property, plant and equipment.

Note 26 Reserves (continued)

b) Disaggregation of reserve balances, net of tax

	Revaluation reserve	
	2021 $	2020 $
Balance at beginning of reporting period	111,818	111,818
Balance at end of reporting period	**111,818**	**111,818**

Note 27 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		354,856	373,520
Adjustment for transition to AASB 16		-	(56,817)
Net profit after tax from ordinary activities		143,457	123,425
Dividends provided for or paid	32a)	(85,272)	(85,272)
Balance at end of reporting period		**413,041**	**354,856**

Note 28 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	143,457	123,425
Adjustments for:		
- Depreciation	233,832	243,297
- Amortisation	43,468	43,468
- Impairment losses on intangible assets	-	12,466
- (Profit)/loss on disposal of non-current assets	-	(856)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	424	(606)
- (Increase)/decrease in other assets	(14,685)	6,436
- Increase/(decrease) in trade and other payables	18,710	(126,393)
- Increase/(decrease) in employee benefits	61,588	13,415
- Increase/(decrease) in provisions	350	336
- Increase/(decrease) in tax liabilities	2,069	(21,166)
Net cash flows provided by operating activities	**489,213**	**293,822**

Note 29 Financial instruments

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

	Note	2021 $	2020 $
Financial assets			
Cash and cash equivalents	13	14,341	93,999
Trade and other receivables	15	178,406	176,233
		192,747	**270,232**

Note 29 Financial instruments (continued)

	Note	2021 $	2020 $
Financial liabilities			
Trade and other payables	20	231,377	157,951
Bank overdrafts	21	22,526	-
Secured bank loans	21	403,048	451,984
Lease liabilities	22	494,274	579,733
		1,151,225	**1,189,668**

Note 30 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	5,700	5,000
Non audit services		
- Taxation advice and tax compliance services	1,750	1,330
- General advisory services	4,430	5,460
Total auditor's remuneration	**11,880**	**11,790**

Note 31 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

John McKenzie Knuckey
John Hubert Tebbutt
Andrew Lindsay Jones
Paul Leonard Nigro
Robert John Earl
Pamela Margaret Sandlant
Garrick Charles Fenton
Kenneth Ian McDonald
Raylene Margaret Fordham
Gerard William Kelly

b) Key management personnel compensation

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

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

c) Related party transactions

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

Note 32 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	**6.00**	**85,272**	**6.00**	**85,272**

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

Note 32 Dividends provided for or paid (continued)

b) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	282,770	259,621
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	11,956	13,047
- Franking credits from the payment of income tax instalments during the financial year	42,783	42,447
- Franking debits from the payment of franked distributions	(29,960)	(32,345)
Franking account balance at the end of the financial year	**307,549**	**282,770**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(29,799)	15,873
Franking credits available for future reporting periods	**277,750**	**298,643**

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Note 33 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	**143,457**	**123,425**
	Number	Number
Weighted-average number of ordinary shares	**1,421,200**	**1,421,200**
	Cents	Cents
Basic and diluted earnings per share	**10.09**	**8.68**

Note 34 Commitments

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

Note 35 Contingencies

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

Note 36 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 Corangamite Financial Services Limited, we state that:

In the opinion of the directors:

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

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

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

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

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

John McKenzie Knuckey,
Chair

Dated this 15th day of September 2021

Independent audit report

61 Bull Street
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03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

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

AFS
Partners in success
Chartered Accountants

61 Bull Street
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 15 September 2021

Joshua Griffin
Lead Auditor

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

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(BNPAR21033) (10/21)

Bendigo Bank

bendigobank.com.au

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506