DIMBOOLA & DISTRICT FINANCIAL SERVICES LTD

COMMUNITY BANK DIMBOOLA & DISTRICT

ABN 77 108 797 324

ANNUAL REPORT 2021

DIMBOOLA TOWER PARK
SITUATED ON THE SITE
OF THE OLD DIMBOOLA HOTEL

Bendigo Bank

Community Bank
Dimboola & District

Chairman's Report

For year ending 30th June 2021.

It is my pleasure to present this the seventeenth annual report of Dimboola and District Financial Services Ltd.

Our business has maintained strength for this financial year with our overall book finishing at $52.7 million this is an increase of approximately $6 million from last year. We recorded a small profit in a year that presented a number of new challenges.

In what has been an exceptionally tough year the staffs have managed to write new business to the tune of $7.6 million? This figure consists of loans and doesn't include the growth in savings and deposit accounts. This is complete turnaround from last year where our overall book went down, thus placing our business in a very healthy position.

Our term loan balance currently sits at $27,000 down $36,000 for this financial year.

The business trading account has remained in the black throughout this financial year.

Directors

Under the constitution three directors are required to retire in rotation, this year they are Peter Hughes, Phil Guthrie, and Trevor Clark. Peter, Phil, and Trevor have offered themselves for re-election and have the full endorsement of the board.

Business Development

This year has been particularly difficult to promote our business. Covid restrictions have made it almost impossible to pursue opportunities within the community to assist in projects. Lock downs have had a major impact on the whole state. We look forward to being able to get involved in community project in the coming year.

Regional Office and Branch Staff

Our region continues to evolve and we are constantly having to deal with change both here in our region and also watching the changes taking place in other areas.
I can say that we still enjoy a healthy relationship with Bendigo Bank.

To our branch staff, I have actually run out of superlatives when describing their collective efforts to support our customers and the broader community, again congratulations for your hard work and dedication.

Compliance, Bookkeeping and Accounting

AFS and Associates, Bendigo are the body responsible for auditing our accounts. Our bookkeeper is Belinda Mackereth who is doing an excellent job of providing reports to the board in a timely fashion. John Moar is still the Chairman of the Finance Committee, Stuart Kuhnell is our Treasurer and Amanda Ingeme has been liaising with Belinda with regard to all our operational accounts.

John and Stuart have been focused on our day to day business expenses and budgeting respectively and I thank them for their work.

I am therefore able to report that all matters of compliance have been reported according to proper business practices in a timely and professional manner.

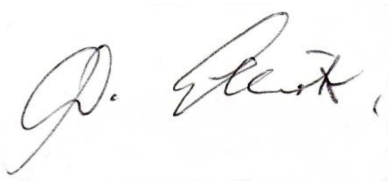
Community Involvement

The boards focus has and always is to support the local community.
To that end we are still looking for a major project to support. This year has made it difficult to find something or anything for that matter to get behind, and we hope that the new year will be different.

Current Business Position and Summary

A year of Corona Virus has presented both the Staff and the Board with a new set of challenges. We have managed to navigate our way through what has been a tough year. When you analyse what has been achieved and circumstances under which those achievements have been made it has certainly made this year one to remember.

Both the board and staff thank you for your continued support and invite you to attend our AGM at 7.30pm, Thursday 4th November at the Dimboola Bowling Club.



Wayne Elliott
Chairman

Branch Manager's Report

Year ending 30th June 2021

Australia's Most Customer Connected Bank

Whilst the entire financial year was subject to COVID-19 conditions, to include restricted movement and customer access, working from home and total lockdowns, Dimboola Community Bank continued to grow its business portfolio. The unprecedented demand for residential housing, owner/occupied and investment, created many opportunities for the Branch to assist with funding requirements. Conversely, with limited access to travel/holidays or major household expenditure, deposit funds increased accordingly.

Once again, the incredible Branch Team of Amanda, Kate, Mila and Melissa, continued to provide exemplary customer service to our many valued customers. Their resilience and dedication is to be congratulated and I take this opportunity to express my gratitude to each and every one.

As we continue to address the COVID-19 curse, banking is still considered to be an essential service. Dimboola Branch staff are committed to continuance of provision of finance needs, but we ask for patience in both telephone and face-to-face interactions. The protection of staff and customers alike, is a primary focus and we need to work through this together.

YOUR COMMUNITY, YOUR BANK, YOUR CHOICE.

Wayne Anderson
Branch Manager

Dimboola & District Financial Services Limited

ABN: 77 108 797 324

Financial Report

For the year ended

30 June 2021

Dimboola & District Financial Services Limited
Directors' Report

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

Directors

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

Wayne Maxwell Elliott
Chair
Occupation: Retired
Qualifications, experience and expertise: Holds a Certificate IV Training and Assessment. Company Director at Shat-r- Shield Australia Pty Ltd. Dimboola Golf Club Committee member 17 years and Life Member.
Special responsibilities: Marketing Committee, Finance Committee
Interest in shares: 2,500 ordinary shares

John William Moar
Non-executive director
Occupation: Retired
Qualifications, experience and expertise: Previous employment: Secondary school teacher, Assistant principal. Retired 2006. Tertiary qualifications: B.A., Trained Secondary Teaching Certificate, Graduate Diploma of Educational Administration. Community Involvement: Dimboola Bowling Club - Match Committee; Dimboola Croquet Club - Treasurer; Combined Probus Club of Dimboola; Dimboola Masonic Lodge.
Special responsibilities: Vice-Chairman , Treasurer, Finance Committee, Policies and Procedures Committee
Interest in shares: 1,000 ordinary shares

Peter Joseph Hughes
Non-executive director
Occupation: Retired
Qualifications, experience and expertise: Retired Police Officer (32 years), Aged 70, past President and Secretary of the Dimboola Football Club and a Life Member. Member of AWB Cropping for Community Committee, and Current Treasurer Dimboola Rowing Club.
Special responsibilities: Company Secretary
Interest in shares: 500 ordinary shares

John Keith Nichols
Non-executive director
Occupation: Discarded DET / WSC Secondary Teacher
Qualifications, experience and expertise: Aged 65, B Sc(Hons), M Pharmacy, Dip Ed, Cert IV Career Development, Grad Cert Career Development. Vice President, past Regatta Secretary, rower and coach at Dimboola Rowing Club; Secretary of Open Community Arts and Reflection Space Project Sub-Committee, Dimboola Art Inc; Rowing Victoria: Level 2 Boat Race Official, past ex-officio Umpires Commission Trainer, past Umpires Commission member; past Waterwatch Coordinator, past Saltwatch Coordinator, past Dimboola Weir Pool Management Committee, planning & implementation - Nine Creeks Reserve/Walking Tracks, past Secretary Dimboola Golf Club, past Treasurer Dimboola Apex Club, past member Wimmera River (Dimboola) Stakeholders Advisory Group. Previous employment: Tutor/Demonstrator at Victorian College of Pharmacy Ltd; secondary teacher at Dimboola MSC, Horsham C, Stawell SC, Warracknabeal SC; Secretary WASM Careers Network; VCAA: CAT Panel Chairperson, Exam Assessor
Special responsibilities: Nil
Interest in shares: 5,000 ordinary shares

Directors *(continued)*

Joylene Coral Wundersitz
Non-executive director
Occupation: Retired
Qualifications, experience and expertise: Diploma of Teaching with 6 years in Primary teaching, Chairperson of Dimboola Kindergarten, Ecumenical Committee Secretary and Business owner. 30 years Office Administration and Sales, Pastoral Assistant and various position in local Church.
Special responsibilities: Nil
Interest in shares: 2,000 ordinary shares

Raylene Ann Britten
Non-executive director
Occupation: Retailer and Pharmacy Assistant
Qualifications, experience and expertise: Business Owner/Partner. Past Secretary of Dimboola Business Association (4 years).
Special responsibilities:
Interest in shares: 500 ordinary shares

Stuart Ivan Kuhnell
Non-executive director
Occupation: Retired
Qualifications, experience and expertise: Holds a Bachelor of Science (Honours) and a Diploma of Education. Worked as a secondary school teacher and an Assistant Principal with many years of experience on school council.
Special responsibilities: Nil
Interest in shares: 500 ordinary shares

Trevor Patrick Clarke
Non-executive director
Occupation: Locomotive Driver
Qualifications, experience and expertise: Victorian Railways Institute (VRI) Committee Member (Treasurer), Certificate IV Trainer with Pacific National, Locomotive Mentor Driver and Operation Supervisor (Relief) with Pacific National.
Special responsibilities: Nil
Interest in shares: nil share interest held

Phillip John Guthrie
Non-executive director
Occupation: Consultant
Qualifications, experience and expertise: Aged 46, Stakeholder Engagement, Community Development and Innovation.
Special responsibilities: Nil
Interest in shares: nil share interest held

Nicholas Carl Pietsch
Non-executive director
Occupation: Farmer
Qualifications, experience and expertise: 35 plus years experience farming, has held positions in various community groups.
Special responsibilities: Nil
Interest in shares: 5,000 ordinary shares

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 Peter Hughes. Peter was appointed to the position of secretary on 27 January 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 $
14,802	13,472

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Wayne Maxwell Elliott	2,500	-	2,500
John William Moar	1,000	-	1,000
Peter Joseph Hughes	500	-	500
John Keith Nichols	5,000	-	5,000
Joylene Coral Wundersitz	2,000	-	2,000
Raylene Ann Britten	500	-	500
Stuart Ivan Kuhnell	500	-	500
Trevor Patrick Clarke	-	-	-
Phillip John Guthrie	-	-	-
Nicholas Carl Pietsch	5,000	-	5,000

Dividends

No dividends were declared or paid for the previous financial year and the directors recommend that no dividend be paid in the current financial year.

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

E - eligible to attend *A - number attended*	Board Meetings Attended	
	E	A
Wayne Maxwell Elliott	11	11
John William Moar	11	11
Peter Joseph Hughes	11	8
John Keith Nichols	11	9
Joylene Coral Wundersitz	11	3
Raylene Ann Britten	11	10
Stuart Ivan Kuhnell	11	8
Trevor Patrick Clarke	11	3
Phillip John Guthrie	11	6
Nicholas Carl Pietsch	11	8

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 27 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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

Wayne Maxwell Elliott, Chair

Dated this 31st day of August 2021

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 Dimboola & District Financial Services Limited

As lead auditor for the audit of Dimboola & District 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: 31 August 2021

Joshua Griffin
Lead Auditor

Dimboola & District Financial Services Limited
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	367,876	368,699
Other revenue	9	55,676	67,583
Employee benefit expenses	10c)	(276,004)	(275,762)
Charitable donations, sponsorship, advertising and promotion		(5,186)	(9,070)
Occupancy and associated costs		(8,166)	(12,285)
Systems costs		(16,797)	(16,311)
Depreciation and amortisation expense	10a)	(29,049)	(30,687)
Finance costs	10b)	(7,861)	(9,970)
General administration expenses		(58,287)	(60,917)
Profit before income tax expense		**22,202**	**21,280**
Income tax expense	11a)	(7,400)	(7,808)
Profit after income tax expense		**14,802**	**13,472**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**14,802**	**13,472**
Earnings per share		¢	¢
- Basic and diluted earnings per share:	29a)	2.71	2.47

The accompanying notes form part of these financial statements

Dimboola & District Financial Services Limited
Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	12	37,799	47,123
Trade and other receivables	13a)	41,759	36,685
Total current assets		**79,558**	**83,808**
Non-current assets			
Property, plant and equipment	14a)	12,934	13,629
Right-of-use assets	15a)	88,108	100,117
Intangible assets	16a)	44,649	57,717
Deferred tax asset	17a)	146,412	153,812
Total non-current assets		**292,103**	**325,275**
Total assets		**371,661**	**409,083**
LIABILITIES			
Current liabilities			
Trade and other payables	18a)	29,648	23,724
Loans and borrowings	19a)	26,727	36,000
Lease liabilities	20a)	15,624	15,240
Employee benefits	22a)	73,546	68,203
Total current liabilities		**145,545**	**143,167**
Non-current liabilities			
Trade and other payables	18b)	29,956	44,937
Loans and borrowings	19b)	-	27,000
Lease liabilities	20b)	96,796	111,461
Employee benefits	22b)	3,603	2,491
Provisions	21a)	17,808	16,876
Total non-current liabilities		**148,163**	**202,765**
Total liabilities		**293,708**	**345,932**
Net assets		**77,953**	**63,151**
EQUITY			
Issued capital	23a)	522,073	522,073
Accumulated losses	24	(444,120)	(458,922)
Total equity		**77,953**	**63,151**

The accompanying notes form part of these financial statements

Dimboola & District Financial Services Limited
Statement of Changes in Equity
for the year ended 30 June 2021

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019	522,073	(472,394)	49,679
Total comprehensive income for the year	-	13,472	13,472
Balance at 30 June 2020	**522,073**	**(458,922)**	**63,151**
Balance at 1 July 2020	522,073	(458,922)	63,151
Total comprehensive income for the year	-	14,802	14,802
Balance at 30 June 2021	**522,073**	**(444,120)**	**77,953**

The accompanying notes form part of these financial statements

Dimboola & District Financial Services Limited
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		463,307	484,828
Payments to suppliers and employees		(393,071)	(396,535)
Interest paid		(534)	(2,629)
Lease payments (interest component)	10b)	(6,394)	(6,457)
Lease payments not included in the measurement of lease liabilities	10d)	(5,182)	(9,189)
Net cash provided by operating activities	25	**58,126**	**70,018**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,274)	-
Proceeds from sale of property, plant and equipment		-	14,091
Payments for intangible assets		(13,618)	(13,618)
Payments for right of use assets		-	(24,467)
Net cash used in investing activities		**(15,892)**	**(23,994)**
Cash flows from financing activities			
Proceeds from lease arrangements		-	11,300
Repayment of loans and borrowings		(36,273)	(43,444)
Lease payments (principal component)		(15,285)	(9,612)
Net cash used in financing activities		**(51,558)**	**(41,756)**
Net cash increase/(decrease) in cash held		**(9,324)**	**4,268**
Cash and cash equivalents at the beginning of the financial year		47,123	42,855
Cash and cash equivalents at the end of the financial year	12	**37,799**	**47,123**

The accompanying notes form part of these financial statements

Note 1 Reporting entity

This is the financial report for Dimboola & District 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
92 Lloyd Street Dimboola VIC 3414	92 Lloyd Street Dimboola VIC 3414

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 28.

Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 31 August 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

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

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

Ability to change financial return

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

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

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

b) Other revenue

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

Revenue	Revenue recognition policy
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
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.

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

b) Other revenue *(continued)*

Cash flow boost

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

- 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.

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

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

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

e) Taxes *(continued)*

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	1 to 20 years
Plant and equipment	Straight-line	1 to 40 years
Motor vehicles	Straight-line	5 years

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

h) Intangible assets

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

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

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

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

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

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

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

i) Financial instruments

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

k) Issued capital

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

l) Provisions

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

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

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

m) Leases

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

As a lessee

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

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

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

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

a) Judgements

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

Note	Judgement
- Note 20 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to control the use of the identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

b) Assumptions and estimation uncertainties

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

Note	Assumptions
- Note 17 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 14 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;
- - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;

Note 6 Financial risk management

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

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

a) Credit risk

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

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

Note 6 Financial risk management *(continued)*

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:

- $26,727 commercial loan facility secured by the company's assets with available redraw facility of $258,000 as at 30 June 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

Non-derivative financial liability	Carrying amount	Contractual cash flows Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	26,727	26,727		-
Lease liabilities	112,420	21,259	63,448	54,195
Trade and other payables	59,604	29,648	29,956	-
	198,751	77,634	93,404	54,195

30 June 2020

Non-derivative financial liability	Carrying amount	Contractual cash flows Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	63,000	36,000	27,000	-
Lease liabilities	126,701	21,609	68,279	69,432
Trade and other payables	68,661	23,724	44,937	-
	258,362	81,333	140,216	69,432

c) Market risk

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

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

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 $37,799 at 30 June 2021 (2020: $47,123). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	303,625	300,064
- Fee income	36,910	39,223
- Commission income	27,341	29,412
	367,876	368,699

Note 9 Other revenue

	2021 $	2020 $
- Market development fund income	38,333	40,000
- Cash flow boost	16,270	27,118
- Sale of property, plant and equipment	-	465
- Other income	1,073	-
	55,676	67,583

Note 10 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	787	785
- Plant and equipment	2,181	3,066
- Motor vehicles	-	4,082
	2,968	7,933
Depreciation of right-of-use assets		
- Leased land and buildings	8,120	7,962
- Leased motor vehicles	4,893	362
	13,013	8,324
Amortisation of intangible assets:		
- Franchise fee	2,178	2,406
- Franchise renewal process fee	10,890	12,024
	13,068	14,430
Total depreciation and amortisation expense	29,049	30,687

b) Finance costs

	2021 $	2020 $
- Bank loan interest paid or accrued	898	2,629
- Lease interest expense	6,031	6,457
- Unwinding of make-good provision	932	884
	7,861	9,970

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	234,726	235,945
Non-cash benefits	-	874
Contributions to defined contribution plans	23,071	21,432
Expenses related to long service leave	6,365	3,266
Other expenses	11,842	14,245
	276,004	275,762

d) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	5,182	4,901
Expenses relating to short-term leases	-	4,288
	5,182	9,189

Note 11 Income tax expense

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax expense		
- Recoupment of prior year tax losses	4,491	427
- Movement in deferred tax	(2,947)	(17,176)
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	5,856	8,874
- Adjustment to deferred tax on AASB 16 retrospective application	-	15,683
	7,400	7,808

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2021, the company tax rate will be reduced from 26% to 25%. This change resulted in a loss of $5,856 related to the remeasurement of deferred tax assets and liabilities of the company.

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating profit before taxation	22,202	21,280
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	5,773	5,852
Tax effect of:		
- Non-deductible expenses	209	539
- Temporary differences	2,947	1,493
- Other assessable income	(4,230)	(7,457)
- Movement in deferred tax	(2,947)	(17,176)
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	5,856	8,874
- Adjustment to deferred tax upon adoption of AASB 16	-	15,683
	7,608	7,808

Note 12 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	37,799	47,123

Note 13 Trade and other receivables

a) Current assets

	2021 $	2020 $
Trade receivables	34,936	30,250
Prepayments	5,461	5,073
Other receivables and accruals	1,362	1,362
	41,759	36,685

Note 14 Property, plant and equipment

a) Carrying amounts	2021 $	2020 $
Leasehold improvements		
At cost	45,256	45,256
Less: accumulated depreciation	(42,522)	(41,735)
	2,734	3,521
Plant and equipment		
At cost	54,036	51,763
Less: accumulated depreciation	(43,836)	(41,655)
	10,200	10,108
Total written down amount	12,934	13,629

b) Reconciliation of carrying amounts

Leasehold improvements		
Carrying amount at beginning	3,521	4,306
Depreciation	(787)	(785)
	2,734	3,521
Plant and equipment		
Carrying amount at beginning	10,108	13,174
Additions	2,273	-
Depreciation	(2,181)	(3,066)
	10,200	10,108
Motor vehicles		
Carrying amount at beginning	-	17,708
Disposals	-	(17,708)
	-	-
Total written down amount	12,934	13,629

c) Changes in estimates

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

Note 15 Right-of-use assets

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	199,494	198,489
Less: accumulated depreciation	(130,597)	(122,476)
	68,897	76,013
Leased motor vehicles		
At cost	24,466	24,466
Less: accumulated depreciation	(5,255)	(362)
	19,211	24,104
Total written down amount	88,108	100,117

b) Reconciliation of carrying amounts

	2021 $	2020 $
Leased land and buildings		
Carrying amount at beginning	76,013	-
Initial recognition on transition	-	196,310
Accumulated depreciation on adoption	-	(114,514)
Remeasurement adjustments	1,004	2,179
Depreciation	(8,120)	(7,962)
	68,897	76,013
Leased motor vehicles		
Carrying amount at beginning	24,104	-
Additions	-	24,466
Depreciation	(4,893)	(362)
	19,211	24,104
Total written down amount	88,108	100,117

Note 16 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	93,444	93,444
Less: accumulated amortisation	(86,003)	(83,825)
	7,441	9,619
Franchise renewal process fee		
At cost	167,220	167,220
Less: accumulated amortisation	(130,012)	(119,122)
	37,208	48,098
Total written down amount	44,649	57,717

Note 16 Intangible assets *(continued)*

b) Reconciliation of carrying amounts

	2021 $	2020 $
Franchise fee		
Carrying amount at beginning	9,619	1,135
Additions	-	10,890
Amortisation	(2,178)	(2,406)
	7,441	9,619
Franchise renewal process fee		
Carrying amount at beginning	48,098	5,672
Additions	-	54,450
Amortisation	(10,890)	(12,024)
	37,208	48,098
Total written down amount	44,649	57,717

c) Changes in estimates

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

Note 17 Tax assets and liabilities

a) Deferred tax

	2021 $	2020 $
Deferred tax assets		
- expense accruals	698	725
- employee provisions	19,360	18,456
- make-good provision	4,452	4,388
- lease liability	26,784	30,132
- carried-forward tax losses	120,379	129,685
Total deferred tax assets	171,673	183,386
Deferred tax liabilities		
- property, plant and equipment	8,036	9,811
- right-of-use assets	17,225	19,763
Total deferred tax liabilities	25,261	29,574
Net deferred tax assets (liabilities)	146,412	153,812
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(2,947)	(7,809)
Movement in deferred tax charged to Statement of Changes in Equity	-	15,683

Note 18 Trade creditors and other payables

a) Current liabilities	2021 $	2020 $
Trade creditors	1,934	1,400
Other creditors and accruals	27,714	22,324
	29,648	23,724

b) Non-current liabilities		
Other creditors and accruals	29,956	44,937

Note 19 Loans and borrowings

a) Current liabilities	2021 $	2020 $
Secured bank loans	26,727	36,000

b) Non-current liabilities		
Secured bank loans	-	27,000

c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021 Face value	30 June 2021 Carrying value	30 June 2020 Face value	30 June 2020 Carrying value
Secured bank loans	2.85%	2022	26,727	26,727	63,000	63,000

Note 20 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5.39%.

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:

- Dimboola Branch — The lease agreement commenced in December 2004. A 5 year renewal option was exercised in December 2019. The company have 1 x 5 year renewal option 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 November 2029.
- Motor vehicle — The lease agreement is a non-cancellable term of 2 years, commencing June 2020. Upon the last lease payment the registered security over the motor vehicles is removed.

Note 20 Lease liabilities *(continued)*

a) Current lease liabilities

	2021 $	2020 $
Property lease liabilities	15,862	15,721
Unexpired interest	(5,522)	(6,009)
	10,340	9,712
Motor vehicle lease liabilities	5,397	5,888
Unexpired interest	(113)	(360)
	5,284	5,528
	15,624	15,240

b) Non-current lease liabilities

	2021 $	2020 $
Property lease liabilities	117,643	132,314
Unexpired interest	(20,847)	(26,134)
	96,796	106,180
Motor vehicle lease liabilities	-	5,397
Unexpired interest	-	(116)
	-	5,281
	96,796	111,461

c) Reconciliation of lease liabilities

	2021 $	2020 $
Balance at the beginning	126,701	-
Initial recognition on AASB 16 transition	-	122,834
Additional lease liabilities recognised	-	11,300
Remeasurement adjustments	1,004	2,179
Lease interest expense	6,394	6,457
Lease payments - total cash outflow	(21,679)	(16,069)
	112,420	126,701

d) Maturity analysis

	2021 $	2020 $
- Not later than 12 months	21,259	21,609
- Between 12 months and 5 years	63,448	68,279
- Greater than 5 years	54,195	69,432
Total undiscounted lease payments	138,902	159,320
Unexpired interest	(26,482)	(32,619)
Present value of lease liabilities	112,420	126,701

Note 21 Provisions

a) Non-current liabilities

	2021 $	2020 $
Make-good on leased premises	17,808	16,876

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $28,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 30 November 2029 at which time it is expected the face-value costs to restore the premises will fall due.

Note 22 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	36,985	36,895
Provision for long service leave	36,561	31,308
	73,546	68,203

b) Non-current liabilities

	2021 $	2020 $
Provision for long service leave	3,603	2,491

c) Key judgement and assumptions

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

Note 23 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	546,300	546,300	546,300	546,300
Less: equity raising costs	-	(24,227)	-	(24,227)
	546,300	522,073	546,300	522,073

b) Rights attached to issued capital

Ordinary shares

Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

Note 23 Issued capital *(continued)*

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

Ordianry shares (continued)

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").

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 24 Accumulated losses

	2021 $	2020 $
Balance at beginning of reporting period	(458,922)	(431,047)
Adjustment for transition to AASB 16	-	(41,347)
Net profit after tax from ordinary activities	14,802	13,472
Balance at end of reporting period	(444,120)	(458,922)

Note 25 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	14,802	13,472
Adjustments for:		
- Depreciation	15,981	16,257
- Amortisation	13,068	14,430
- (Profit)/loss on disposal of non-current assets	-	(465)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(5,074)	9,891
- (Increase)/decrease in other assets	7,400	7,808
- Increase/(decrease) in trade and other payables	5,362	(618)
- Increase/(decrease) in employee benefits	6,455	8,359
- Increase/(decrease) in provisions	932	884
Net cash flows provided by operating activities	58,926	70,018
	800	

Note 26 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	12	37,799	47,123
Trade and other receivables	13	36,298	31,612
		74,097	78,735
Financial liabilities			
Trade and other payables	18	59,604	68,661
Secured bank loans	19	26,727	63,000
Lease liabilities	20	112,420	126,701
		198,751	258,362

Note 27 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	2,000	600
- General advisory services	3,080	3,270
Total auditor's remuneration	10,080	8,670

Note 28 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Wayne Maxwell Elliott
John William Moar
Peter Joseph Hughes
John Keith Nichols
Joylene Coral Wundersitz
Raylene Ann Britten
Stuart Ivan Kuhnell
Trevor Patrick Clarke
Phillip John Guthrie
Nicholas Carl Pietsch

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 29 Earnings per share

a) Basic and diluted earnings per share

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

	2021	2020
	$	$
Profit attributable to ordinary shareholders	14,802	13,472
	Number	Number
Weighted-average number of ordinary shares	546,300	546,300
	Cents	Cents
Basic and diluted earnings per share	2.71	2.47

Note 30 Commitments

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

Note 31 Contingencies

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

Note 32 Subsequent events

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

Dimboola & District Financial Services Limited
Directors' Declaration

In accordance with a resolution of the directors of Dimboola & District 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.

Wayne Maxwell Elliott, Chair

Dated this 31st day of August 2021

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Dimboola & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

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.

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 31 August 2021

Joshua Griffin
Lead Auditor

ASIC
Australian Securities & Investments Commission

JOSHUA ADAM GRIFFIN
c/o JOSH GRIFFIN
61 BULL STREET
BENDIGO VIC 3550
AUSTRALIA

Page No	: 1
Lodgement No.	: 86400338
Date Received	: 02/09/2021
Time Received	: 10:37:56

DOCUMENT ACKNOWLEDGEMENT

DOCUMENTS LODGED

Document Number	Organisation/Person Details	Form Type & Description
7EBK97981	A.C.N. 108 797 324 DIMBOOLA & DISTRICT FINANCIAL SERVICES LIMITED	FORM 388 Copy of financial statements and reports

Dimboola & District Financial Services Ltd

COMMUNITY BANK DIMBOOLA & DISTRICT

ANNUAL REPORT 2021

ABN: 77108797324

NEW SYNTHETIC GREEN DIMBOOLA BOWLING CLUB

PROUDLY SPONSORED BY

Community Bank Dimboola & District

92 Lloyd Street, Dimboola VIC 3414

Phone: (03) 5389 1999 Fax: (03) 5389 2088

Franchisee: Dimboola & District Financial Services Limited
92 Lloyd Street, Dimboola VIC 3414
ABN 77 108 797 324

Bendigo Bank

Community Bank
Dimboola & District