



Annual Report 2021

Ettalong Beach Financial
Services Limited

Community Bank
Ettalong Beach

ABN 37 110 069 120

Ettalong Beach Financial Services Limited
Annual Report for Year Ended
30 June 2021
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Chairman's Report –

For year ending 30 June 2021

Introduction

Dear Shareholder,

On behalf of the Board of Directors and the staff of the Community Bank Ettalong Beach, I am proud to present the 17th Annual Report of Ettalong Beach Financial Services Limited. We continue to deliver service at the highest levels and achieve profitability for our shareholders. It is therefore pleasing to report our 11th consecutive profit before tax of \$61,719 despite the difficult economic conditions, Covid-19 pandemic and high levels of competition. This profit is after payment of \$255,760 in charitable donations, sponsorships, advertising and promotion. Details of the increased benefits returned to the community are referred to later in my report. The company was also able to deliver its ninth consecutive dividend, fully franked to shareholders.

23 years since the first Community Bank branch opened its doors.

Partnering with Bendigo and Adelaide Bank, we're proud of the contribution we make to what is one of Australia's most trusted brands. Our model has been held up as an example of a great way of doing business. We continue to work closely with our partner, Bendigo and Adelaide Bank, on ways to improve the customer experience. The growth of our existing customer base will mean a growth in your investment and our community's investment in Community Bank Ettalong Beach. Community Bank Ettalong Beach has played a key role in these milestones over the past 16 years, returning more than \$1,225,000 to the local community plus a further \$343,000 in dividends returned to local shareholders.

These community contributions, grants and sponsorships have made significant differences to over 50 local organisations/groups. We look forward to continuing to support these groups and others as more people bank with us and we become more successful.

Year under Review and Future Growth

Once again I am extremely thrilled that we have been able to generate monthly profits on a regular basis to achieve our eleventh consecutive annual profit and this is fully detailed in the financial statement. Briefly we achieved an operating profit of \$50,291 after Income tax expense of \$11,428. Our "Bank Book" – "Deposits/Loans" increased by \$17.8m to \$151.3 million mark as at 30 June 2021. This has been a very difficult economic year globally and in Australia and is fully explained in the Manager's Report. Our projected forecast in the current year ending 30 June 2022 is a modest growth of \$12.2m. to \$163.5m. Customers remain steady at 32 08 with a moderate increase in number of accounts to 4708.

As our business has matured we have established a more reliable cash flow which now allows us to meet greater Community needs. Shareholders will recall that our constitution allows us to pay a maximum of 20% of Annual profits as dividends. Other than maintaining a prudent level of cash reserves we use the remainder of profits for the betterment of our community.

Since 2018 we have directed a portion of expected profits to Bendigo Bank's Community Enterprise Foundation which carries "not for profit" status and is a tax effective method of distributing our profits to our community. As our business has matured we have been able to expand the recipients of our grants.

As at 30 June 2021 we have contributed a total of \$385,000 with the Community Enterprise Foundation, which has enabled us to distribute \$221,500 to (10) different groups/organisations that are making a difference to our community. The Community Bank Ettalong Beach Scholarship Program provided \$30,000 to (3) outstanding local students over the past (3) years to continue and complete their University Degree.

We still maintain our “grass roots” support to local sporting clubs and organisations that are making a difference in our community with a total of \$142,700 in Donations, Grants and Sponsorship this year.

As Shareholders, if you are aware of any needs in our community that you think Community Bank Ettalong Beach may be able to assist with please let us know.

Staff

Of course, the successful and continued operation of the Community Bank Ettalong Beach is largely reliant on those who have the day- to- day responsibility of running it. Our current Manager, Mr. Peter McKeon continues to improve the operations. Peter’s efforts and those of the staff, Supervisors, Maree Richardson and Kym Kelleher, and Customer Service Officers, Julie, Jackie and Kathy are to be congratulated despite difficult economic conditions and the Covid -19 pandemic.

Board of Directors

Unfortunately, Paul Gilmore resigned during the year and we thank Paul for his past and future support via the local Secondary School. We also welcome Kim Radford who was appointed a Director on 25 February 2021. We also undertook a full board review with the various sub-committees remaining in place to ensure the company is well equipped to meet the challenges ahead.

In Conclusion

Due to Covid-19 restrictions last year we were unable to celebrate our 15 year Anniversary but we were able to celebrate the occasion on our 16 year anniversary at Ocean Beach Surf Club with guests including local VIPs, Shareholders, Customers and staff on 18 March 2021.

Finally, I would like to thank those members of the local community and residents of the Ettalong Beach and surrounding areas who have supported the establishment of the Community Bank Ettalong Beach branch – Bendigo Bank, and continue to do their personal and business banking with their local Community Bank branch.

I also thank my fellow Directors and staff who put in many rewarding hours. It has been a magnificent effort by all those involved and I look forward to a bright and prosperous future for Community Bank Ettalong Beach.

Once again, thank you for making us your bank of choice.

D.J.M. (Mick) Gage
Board Chairman

Branch Manager's Report

2020/2021

Firstly, a huge congratulation to our team in achieving a combined loan and deposit book of \$150m. It really is a milestone! When I look back at when we reached \$100m the challenge to grow to \$150m seemed enormous.

In the financial year we saw overall growth of almost \$18m made of loans growth of \$7m and deposit growth of \$11m, and we are achieving this on lower staff numbers than in the past. Our business has now reached a level of maturity where growth does become harder as customers alter their financial goals at various life stages. Banking in general is also changing dramatically with younger customers not needing a branch network to support their banking needs, and this can hamper our ability to forge strong customer connections that keep their Community Bank at front of mind.

Challenges faced last year with Covid 19 caused us all to pause and find new ways of doing things, and these challenges are even more stark at the time of this report (Aug 2021). Nevertheless we need to continue to meet our customer and community needs, and I am confident we will continue to grow and assist our community with financial support to a wide range of community needs.

With this in mind we have set ourselves a growth target of \$12m in this difficult environment. Consumer confidence is down across many key metrics and continued strength in residential real estate prices has many having concerns as to continued growth or a price correction that may affect the wealth they hold in property. Lending credit assessment standards remain rigorous and are designed to protect our customers in difficult times. While this may hamper growth a balance needs to be maintained in responsible lending, and Bendigo Bank takes its role in this area as it needs to, with great care.

On the community side, we have continued to support many community initiatives that reach a great number of our community members not just through sporting and community groups, but increasingly in areas of social welfare and to disadvantaged groups. We maintain a strong focus on assisting the "peninsula community" and continue to look for opportunities.

Our staff remain committed to the highest levels of customer service and this continues to be the foundation on which we grow our business. Customers actively seek the differences in banking that Community Bank Ettalong Beach provides, and a big portion of our successes are generated from "word of mouth". To our team of Maree, Kym, Julie, Jackie and Kathy, a big thank you, it's the team's collective efforts that drive success. Please keep up the great work and continue to dig deep in these difficult times.

Peter McKeon

Sponsorships and Grants 2020-2021

Community Bank Ettalong Beach contributed over \$255,000 to the following local events and organisations:

Brisbane Water Agricultural Programme
Brisbane Water Netball Club
Brisbane Water Rotary Club
Brisbane Water Secondary College
Central Coast Kids in Need
CWA Australia
Education Scholarship
Ettalong Arts and Crafts Centre
Ettalong Public School Breakfast Programme
Everglades Country Club
Mingaletta Aboriginal and Torres Strait Island Group
Ocean Beach Surf Life Saving Club
Peninsula Floorball Club
Peninsula Junior Touch Football Association
Peninsula Raiders Master RLFC
Relief Beyond Crisis
Southern Ettalong United Football Club
Southern Spirit Cricket Club
Southern Spirit Ladies Cricket Club
Terrigal Rotary Club
Top Blokes Foundation
Umina Beach Grommets Board Riders
Umina Beach Junior RLFC
Umina Beach Netball Club
Umina Beach Surf Life Saving Club
Umina Men's Shed
Mina PCYC
Umina United Soccer Club
Woy Woy Junior RLFC
Woy Woy Peninsula Neighbourhood Service
Woy Woy Rotary Club
Woy Woy RLFC
Woy Woy Rugby Union Club

Ettalong Beach Financial Services Limited

ABN: 37 110 069 120

Financial Report

For the year ended

30 June 2021

Ettalong Beach 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 or since the end of the financial year are:

Dominic John Michael Gage

Non-executive director

Occupation: Retired Banker

Qualifications, experience and expertise: 60 years experience in Banking Industry. Past member of Apex, Lions and Rotary clubs.

Involvement in local sporting groups. Past Director of Everglades Country Club and Past Vice President of Club NSW Central Coast Region Committee.

Special responsibilities: Executive Committee

Interest in shares: 10,000 ordinary shares

Donald John Wilson

Non-executive director

Occupation: CPA - Accountant

Qualifications, experience and expertise: 46 years in public accounting, including 35 years as principal of Wilson Graham & Associates in Woy Woy.

Special responsibilities: Treasurer, Executive Committee

Interest in shares: 18,500 ordinary shares

Bruce Maxwell Croft

Non-executive director

Occupation: Retired Public Servant

Qualifications, experience and expertise: 42 years in Customer Service Industry, former secretary of local soccer club, PCYC and P & C Organisations. Current member of Rotary.

Special responsibilities: Secretary, Executive Committee, Strategic Planning Committee

Interest in shares: 5,000 ordinary shares

Robert Henry Millwood

Non-executive director

Occupation: Company Director/Manager

Qualifications, experience and expertise: Company Director, Accountant, Former committee member Woy Woy RLFC, Member Ocean Beach SLSC.

Special responsibilities: Deputy Chairman, Assistant Treasurer, Sponsorship and Marketing Committee, Strategic Planning Committee.

Interest in shares: 5,000 ordinary shares

Paul David Thomas

Non-executive director

Occupation: Retired Police Officer

Qualifications, experience and expertise: Previously involved in neighbourhood watch, safety house, Yarran early intervention (disabled children), and committee member of the Woy Woy Rugby League Football Club.

Special responsibilities: Sponsorship & Marketing Committee

Interest in shares: 750 ordinary shares

Ettalong Beach Financial Services Limited

Directors' Report

Directors (*continued*)

Jeanette Maxine Polley

Non-executive director

Occupation: School Teacher/University Educator

Qualifications, experience and expertise: Accountant for 26 years, Retail Small Business Owner for 10 years. Past President, Ettalong Beach Business Group Inc.

Special responsibilities: Sponsorship & Marketing Committee, Strategic Planning Committee

Interest in shares: nil share interest held

Kerry Craig Watkins

Non-executive director

Occupation: Retired Accountant

Qualifications, experience and expertise: Former Manager of Compliance in NSW Office of State Revenue. Responsible for managing and conducting state audits of large public and private companies to ensure compliance with NSW payroll tax legislation. Commerce Accounting Procedures Certificate qualifications. Former Treasurer of Parramatta Golf Club. Current Director and Chair of Audit and Finance Committee of Ettalong Memorial Bowling Club. Bendigo Board Member since 27 July 2017.

Special responsibilities: Member of Collaborative Marketing Committee

Interest in shares: nil share interest held

(Sidney) Michael Trewern Tame

Non-executive director

Occupation: Sales & Marketing Director of Spiralfast Pty Ltd

Qualifications, experience and expertise: Double degree in Marketing & Accounting, International Studies Degree in Japanese. Broad sales, marketing and commercial experience with website, telco, publishing, advertising and manufacturing industries. St Vincent de Paul Society 'Compeer' Volunteer & Australian Red Cross Blood Service Enthusiast. Michael is also a director at Lasercraft Australia, an NDIS organisation for supported workers making awards and business gifts.

Special responsibilities: Collaborative Marketing Committee.

Interest in shares: nil share interest held

Kim Meili Radford

Non-executive director (appointed 25 February 2021)

Occupation: Council Officer

Qualifications, experience and expertise: Kim has a degree of Social Science (Recreation & Tourism), Diplomas in Leadership & Management, Holiday Park Management. She has a background in Outdoor Education, Holiday Park & Caravan Park Management. 16 years in Local Government. Many years in volunteering in the community including sporting groups and Gosford Sailing Club.

Special responsibilities: Nil

Interest in shares: nil share interest held

Paul Alexander Gilmore

Non-executive director (resigned 9 December 2020)

Occupation: Principal

Qualifications, experience and expertise: Paul is a College Principal of Brisbane Water Secondary College.

Special responsibilities: Sponsorship & Marketing Committee, Community Consultative meeting

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.

Ettalong Beach Financial Services Limited

Directors' Report

Company Secretary

The company secretary is Bruce Maxwell Croft. Bruce was appointed to the position of secretary on 30 June 2011.

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, sales techniques and proper customer relations

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
\$	\$
50,291	113,449

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Dominic John Michael Gage	10,000	-	10,000
Donald John Wilson	18,500	-	18,500
Bruce Maxwell Croft	5,000	-	5,000
Robert Henry Millwood	5,000	-	5,000
Paul David Thomas	750	-	750
Jeanette Maxine Polley	-	-	-
Kerry Craig Watkins	-	-	-
(Sidney) Michael Trewern Tame	-	-	-
Kim Meili Radford	-	-	-
Paul Alexander Gilmore	-	-	-

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	6.50	49,186

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.

Ettalong Beach Financial Services Limited

Directors' Report

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 except as disclosed in note 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended			
			Executive		Sponsorship & Marketing	
<i>E - eligible to attend</i> <i>A - number attended</i>	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>
Dominic John Michael Gage	11	10	2	2	1	1
Donald John Wilson	11	9	2	1	1	1
Bruce Maxwell Croft	11	11	2	2	1	1
Robert Henry Millwood	11	10	2	2	1	1
Paul David Thomas	11	6	-	-	1	-
Jeanette Maxine Polley	11	7	-	-	1	1
Kerry Craig Watkins	11	11	-	-	1	1
(Sidney) Michael Trewern Tame	11	6	-	-	1	1
Kim Meili Radford	4	4	-	-	1	1
Paul Alexander Gilmore	5	-	-	-	-	-

Ettalong Beach Financial Services Limited

Directors' Report

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 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 Ettalong Beach, New South Wales.



Dominic John Michael Gage, Chair

Dated this 26th day of August 2021

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

As lead auditor for the audit of Ettalong Beach 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: 26 August 2021



Joshua Griffin
Lead Auditor

Ettalong Beach 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	862,237	856,085
Other revenue	9	40,784	64,911
Finance income	10	335	2,197
Employee benefit expenses	11c)	(401,072)	(399,969)
Charitable donations, sponsorship, advertising and promotion		(255,760)	(173,768)
Occupancy and associated costs		(16,423)	(15,053)
Systems costs		(19,945)	(19,392)
Depreciation and amortisation expense	11a)	(62,674)	(73,127)
Finance costs	11b)	(14,178)	(15,294)
General administration expenses		(71,585)	(81,550)
Profit before income tax expense		61,719	145,040
Income tax expense	12a)	(11,428)	(31,591)
Profit after income tax expense		50,291	113,449
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		50,291	113,449
Earnings per share		¢	¢
- Basic and diluted earnings per share:	30a)	6.65	14.99

The accompanying notes form part of these financial statements

Ettalong Beach Financial Services Limited
Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	374,527	327,900
Trade and other receivables	14a)	80,194	87,546
Current tax assets	18a)	10,496	-
Total current assets		465,217	415,446
Non-current assets			
Property, plant and equipment	15a)	114,996	130,058
Right-of-use assets	16a)	287,863	322,407
Intangible assets	17a)	49,005	62,073
Deferred tax asset	18b)	39,902	38,355
Total non-current assets		491,766	552,893
Total assets		956,983	968,339
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	28,059	10,636
Current tax liabilities	18a)	-	7,328
Lease liabilities	20a)	32,914	31,688
Employee benefits	22a)	86,620	79,792
Total current liabilities		147,593	129,444
Non-current liabilities			
Lease liabilities	20b)	279,907	312,822
Employee benefits	22b)	4,840	4,027
Provisions	21a)	40,089	38,597
Total non-current liabilities		324,836	355,446
Total liabilities		472,429	484,890
Net assets		484,554	483,449
EQUITY			
Issued capital	23a)	722,104	722,104
Accumulated losses	24	(237,550)	(238,655)
Total equity		484,554	483,449

The accompanying notes form part of these financial statements

Ettalong Beach Financial Services Limited

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019		722,104	(302,918)	419,186
Total comprehensive income for the year		-	113,449	113,449
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(49,186)	(49,186)
Balance at 30 June 2020		722,104	(238,655)	483,449
Balance at 1 July 2020		722,104	(238,655)	483,449
Total comprehensive income for the year		-	50,291	50,291
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(49,186)	(49,186)
Balance at 30 June 2021		722,104	(237,550)	484,554

The accompanying notes form part of these financial statements

Ettalong Beach 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		983,658	1,002,745
Payments to suppliers and employees		(805,937)	(764,475)
Interest received		333	2,197
Lease payments (interest component)	11b)	(12,684)	(13,857)
Lease payments not included in the measurement of lease liabilities	11d)	(7,069)	(6,488)
Income taxes paid		(30,799)	(38,749)
Net cash provided by operating activities	25	127,502	181,373
Cash flows from investing activities			
Payments for intangible assets		-	(65,340)
Net cash used in investing activities		-	(65,340)
Cash flows from financing activities			
Lease payments (principal component)		(31,689)	(33,509)
Dividends paid	29a)	(49,186)	(49,186)
Net cash used in financing activities		(80,875)	(82,695)
Net cash increase in cash held		46,627	33,338
Cash and cash equivalents at the beginning of the financial year		327,900	294,562
Cash and cash equivalents at the end of the financial year		374,527	327,900

The accompanying notes form part of these financial statements

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1 Reporting entity

This is the financial report for Ettalong Beach 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
263-267 Ocean View Road Ettalong Beach NSW 2257	263-267 Ocean View Road Ettalong Beach NSW 2257

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 26 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 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.

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

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

<u>Revenue</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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.

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

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.

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.

<u>Revenue</u>	<u>Revenue recognition policy</u>
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.

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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.

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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.

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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 or diminishing value method over their estimated useful lives, and is recognised in profit or loss.

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	14 to 20 years
Plant and equipment	Straight-line	1 to 20 years
Furniture, fixtures and fittings	Straight-line and diminishing value	5 to 20 years
Motor vehicles	Straight-line	15 years

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

h) Intangible assets

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

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:

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

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

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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 and other debtors and creditors, cash and cash equivalents and lease liabilities.

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

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

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

j) Impairment*Non-derivative financial assets*

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

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

Non-financial assets

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

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

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.

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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.

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

m) Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

m) Leases *(continued)*

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

<u>Note</u>	<u>Judgement</u>
- 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 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: <ul style="list-style-type: none"> - 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:

<u>Note</u>	<u>Assumptions</u>
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

b) Assumptions and estimation uncertainties (*continued*)

<u>Note</u>	<u>Assumptions</u>
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 22 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;
- Note 21 - 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.

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

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	312,821	44,372	173,793	147,908
Trade payables	28,059	28,059	-	-
	<u>340,880</u>	<u>72,431</u>	<u>173,793</u>	<u>147,908</u>

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6 Financial risk management (*continued*)

b) Liquidity risk (*continued*)

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	344,510	44,373	173,795	192,280
Trade payables	10,636	10,636	-	-
	<u>355,146</u>	<u>55,009</u>	<u>173,795</u>	<u>192,280</u>

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 are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$374,527 at 30 June 2021 (2020: \$327,900). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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.

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 8 Revenue from contracts with customers

	2021 \$	2020 \$
- Margin income	749,784	738,877
- Fee income	72,445	73,731
- Commission income	40,008	43,477
	<u>862,237</u>	<u>856,085</u>

Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	16,875	25,000
- Cash flow boost	23,909	39,848
- Other income	-	63
	<u>40,784</u>	<u>64,911</u>

Note 10 Finance income

	2021 \$	2020 \$
- Term deposits	<u>335</u>	<u>2,197</u>

Note 11 Expenses

a) Depreciation and amortisation expense	2021 \$	2020 \$
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	4,934	14,975
- Plant and equipment	3,867	3,870
- Furniture and fittings	1,430	1,432
- Motor vehicles	4,831	4,831
	<u>15,062</u>	<u>25,108</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	<u>34,544</u>	<u>34,544</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,178	2,246
- Franchise renewal process fee	10,890	11,229
	<u>13,068</u>	<u>13,475</u>
Total depreciation and amortisation expense	<u>62,674</u>	<u>73,127</u>

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11 Expenses (continued)

b) Finance costs	2021 \$	2020 \$
- Lease interest expense	12,685	13,857
- Unwinding of make-good provision	1,493	1,437
	<u>14,178</u>	<u>15,294</u>

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

c) Employee benefit expenses

Wages and salaries	346,937	346,682
Contributions to defined contribution plans	35,046	32,002
Expenses related to long service leave	2,867	7,040
Other expenses	16,222	14,245
	<u>401,072</u>	<u>399,969</u>

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	<u>7,069</u>	<u>6,488</u>

Note 12 Income tax expense

a) Amounts recognised in profit or loss	2021 \$	2020 \$
<i>Current tax expense</i>		
- Current tax	12,975	33,102
- Movement in deferred tax	(3,143)	(19,737)
- Adjustment to deferred tax on AASB 16 retrospective application	-	16,013
- Reduction in company tax rate	1,596	2,213
	<u>11,428</u>	<u>31,591</u>

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 \$1,596 related to the remeasurement of deferred tax assets and liabilities of the company.

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 12 Income tax expense (continued)

b) <i>Prima facie</i> income tax reconciliation	2021 \$	2020 \$
Operating profit before taxation	61,719	145,040
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	16,047	39,886
Tax effect of:		
- Non-deductible expenses	-	450
- Temporary differences	3,144	3,724
- Other assessable income	(6,216)	(10,958)
- Movement in deferred tax	(3,143)	(19,737)
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	1,596	2,213
- Leases initial recognition	-	16,013
	<u>11,428</u>	<u>31,591</u>

Note 13 Cash and cash equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	354,444	307,900
- Term deposits	20,083	20,000
	<u>374,527</u>	<u>327,900</u>

Note 14 Trade and other receivables

a) <i>Current assets</i>	2021 \$	2020 \$
Trade receivables	73,206	72,405
Prepayments	5,858	6,080
Other receivables and accruals	1,130	9,061
	<u>80,194</u>	<u>87,546</u>

Note 15 Property, plant and equipment

a) <i>Carrying amounts</i>	2021 \$	2020 \$
<i>Leasehold improvements</i>		
At cost	257,520	257,520
Less: accumulated depreciation	(216,819)	(211,885)
	<u>40,701</u>	<u>45,635</u>
<i>Plant and equipment</i>		
At cost	127,441	127,441
Less: accumulated depreciation	(114,418)	(110,551)
	<u>13,023</u>	<u>16,890</u>

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15 Property, plant and equipment (*continued*)

a) Carrying amounts (<i>continued</i>)	2021	2020
	\$	\$
<i>Furniture and fittings</i>		
At cost	30,224	30,224
Less: accumulated depreciation	(23,131)	(21,701)
	<u>7,093</u>	<u>8,523</u>
<i>Motor vehicles</i>		
At cost	72,323	72,323
Less: accumulated depreciation	(18,144)	(13,313)
	<u>54,179</u>	<u>59,010</u>
Total written down amount	<u>114,996</u>	<u>130,058</u>
b) Reconciliation of carrying amounts		
<i>Leasehold improvements</i>		
Carrying amount at beginning	45,635	60,610
Depreciation	(4,934)	(14,975)
	<u>40,701</u>	<u>45,635</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	16,890	20,760
Depreciation	(3,867)	(3,870)
	<u>13,023</u>	<u>16,890</u>
<i>Furniture and fittings</i>		
Carrying amount at beginning	8,523	9,955
Depreciation	(1,430)	(1,432)
	<u>7,093</u>	<u>8,523</u>
<i>Motor vehicles</i>		
Carrying amount at beginning	59,010	63,841
Depreciation	(4,831)	(4,831)
	<u>54,179</u>	<u>59,010</u>
Total written down amount	<u>114,996</u>	<u>130,058</u>

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.

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16 Right-of-use assets

a) Carrying amounts	2021 \$	2020 \$
<i>Leased land and buildings</i>		
At cost	518,155	518,155
Less: accumulated depreciation	(230,292)	(195,748)
Total written down amount	<u>287,863</u>	<u>322,407</u>
b) Reconciliation of carrying amounts		
<i>Leased land and buildings</i>		
Carrying amount at beginning	322,407	-
Initial recognition on transition	-	518,155
Accumulated depreciation on adoption	-	(161,204)
Depreciation	(34,544)	(34,544)
Total written down amount	<u>287,863</u>	<u>322,407</u>

Note 17 Intangible assets

a) Carrying amounts	2021 \$	2020 \$
<i>Franchise fee</i>		
At cost	93,444	93,444
Less: accumulated amortisation	(85,277)	(83,099)
	<u>8,167</u>	<u>10,345</u>
<i>Franchise renewal process fee</i>		
At cost	167,220	167,220
Less: accumulated amortisation	(126,382)	(115,492)
	<u>40,838</u>	<u>51,728</u>
Total written down amount	<u>49,005</u>	<u>62,073</u>
b) Reconciliation of carrying amounts		
<i>Franchise fee</i>		
Carrying amount at beginning	10,345	1,701
Additions	-	10,890
Amortisation	(2,178)	(2,246)
	<u>8,167</u>	<u>10,345</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	51,728	8,507
Additions	-	54,450
Amortisation	(10,890)	(11,229)
	<u>40,838</u>	<u>51,728</u>
Total written down amount	<u>49,005</u>	<u>62,073</u>

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17 Intangible assets *(continued)*

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 18 Tax assets and liabilities

a) Current tax	2021 \$	2020 \$
Income tax payable/(refundable)	(10,496)	7,328
b) Deferred tax		
<i>Deferred tax assets</i>		
- expense accruals	775	780
- employee provisions	22,865	21,793
- make-good provision	10,022	10,035
- lease liability	78,206	89,573
Total deferred tax assets	111,868	122,181
<i>Deferred tax liabilities</i>		
- right-of-use assets	71,966	83,826
Total deferred tax liabilities	71,966	83,826
Net deferred tax assets (liabilities)	39,902	38,355
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(1,547)	1,511
Movement in deferred tax charged to Statement of Changes in Equity	-	16,013

Note 19 Trade creditors and other payables

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

a) Current liabilities	2021 \$	2020 \$
Trade creditors	7,500	628
Other creditors and accruals	20,559	10,008
	28,059	10,636

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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 3.80%.

The company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight where appropriate.

The company's lease portfolio includes:

- Ettalong Beach Branch The lease agreement commenced in November 2014. An extension option term of five years was exercised in November 2019. The lease has a further five year extension option available. The company is reasonably certain to exercise the final five-year lease term. As such, the lease term end date used in the calculation of the lease liability is October 2029.

a) Current lease liabilities	2021	2020
	\$	\$
Property lease liabilities	44,372	44,373
Unexpired interest	(11,458)	(12,685)
	<u>32,914</u>	<u>31,688</u>
b) Non-current lease liabilities		
Property lease liabilities	321,701	366,075
Unexpired interest	(41,794)	(53,253)
	<u>279,907</u>	<u>312,822</u>
c) Reconciliation of lease liabilities		
Balance at the beginning (finance lease liabilities)	344,510	-
Initial recognition on AASB 16 transition	-	378,019
Lease payments - interest	12,684	13,857
Lease payments	(44,373)	(47,366)
	<u>312,821</u>	<u>344,510</u>
d) Maturity analysis		
- Not later than 12 months	44,372	44,373
- Between 12 months and 5 years	173,793	173,795
- Greater than 5 years	147,908	192,280
Total undiscounted lease payments	<u>366,073</u>	<u>410,448</u>
Unexpired interest	(53,252)	(65,938)
Present value of lease liabilities	<u>312,821</u>	<u>344,510</u>

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 21 Provisions

a) Non-current liabilities	2021 \$	2020 \$
Make-good on leased premises	40,089	38,597

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 \$55,000 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	29,249	27,403
Provision for long service leave	57,371	52,389
	86,620	79,792
b) Non-current liabilities		
Provision for long service leave	4,840	4,027

c) Key judgement and assumptions

Employee attrition rates

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

Note 23 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	756,711	756,711	756,711	756,711
Less: equity raising costs	-	(34,607)	-	(34,607)
	756,711	722,104	756,711	722,104

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23 Issued capital (*continued*)

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23 Issued capital (*continued*)

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

Prohibited shareholding interest (continued)

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

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		(238,655)	(260,703)
Adjustment for transition to AASB 16		-	(42,215)
Net profit after tax from ordinary activities		50,291	113,449
Dividends provided for or paid	29a)	(49,186)	(49,186)
Balance at end of reporting period		<u>(237,550)</u>	<u>(238,655)</u>

Note 25 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	50,291	113,449
Adjustments for:		
- Depreciation	49,606	59,652
- Amortisation	13,068	13,475
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	7,351	(1,579)
- (Increase)/decrease in other assets	(12,043)	63,828
- Increase/(decrease) in trade and other payables	17,424	(74,312)
- Increase/(decrease) in employee benefits	7,640	11,071
- Increase/(decrease) in provisions	1,493	1,437
- Increase/(decrease) in tax liabilities	(7,328)	(5,648)
Net cash flows provided by operating activities	<u>127,502</u>	<u>181,373</u>

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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	13	354,444	307,900
Term deposits	13	20,083	20,000
Trade and other receivables	14	74,336	81,466
		<u>448,863</u>	<u>409,366</u>
Financial liabilities			
Trade and other payables	19	28,059	10,636
Lease liabilities	20	312,821	344,510
		<u>340,880</u>	<u>355,146</u>

Note 27 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- Taxation advice and tax compliance services	3,050	1,675
- General advisory services	2,270	2,410
- Share registry services	3,090	3,090
Total auditor's remuneration	<u>13,410</u>	<u>11,975</u>

Note 28 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Dominic John Michael Gage
Donald John Wilson
Bruce Maxwell Croft
Robert Henry Millwood
Paul David Thomas
Jeanette Maxine Polley
Kerry Craig Watkins
(Sidney) Michael Trewern Tame
Kim Meili Radford
Paul Alexander Gilmore

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 28 Related parties (continued)

b) Key management personnel compensation

	2021 \$	2020 \$
Key management personnel compensation comprised the following.		
Short-term employee benefits	6,000	-

Compensation of the company's key management personnel includes salaries and non-cash benefits.

c) Related party transactions

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

Community Bank Directors' Privileges Package

The board has adopted the Community Bank Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the Community Bank branch. There is no requirement to own Bendigo Bank shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo Bank shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$1,000 for the year ended 30 June 2021 (2020: \$245).

Note 29 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	6.50	49,186	6.50	49,186

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

b) Franking account balance

	2021 \$	2020 \$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	50,437	20,833
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	32,062	22,487
- Franking credits from the payment of income tax instalments during the financial year	(1,263)	25,774
- Franking debits from the payment of franked distributions	(17,282)	(18,657)
Franking account balance at the end of the financial year	63,954	50,437
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(10,496)	7,328
Franking credits available for future reporting periods	53,458	57,765

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

Ettalong Beach Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 30 Earnings per share

a) Basic and diluted earnings per share

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

	2021 \$	2020 \$
Profit attributable to ordinary shareholders	50,291	113,449
	Number	Number
Weighted-average number of ordinary shares	756,711	756,711
	Cents	Cents
Basic and diluted earnings per share	6.65	14.99

Note 31 Commitments

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

Note 32 Contingencies

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

Note 33 Subsequent events

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

Ettalong Beach Financial Services Limited

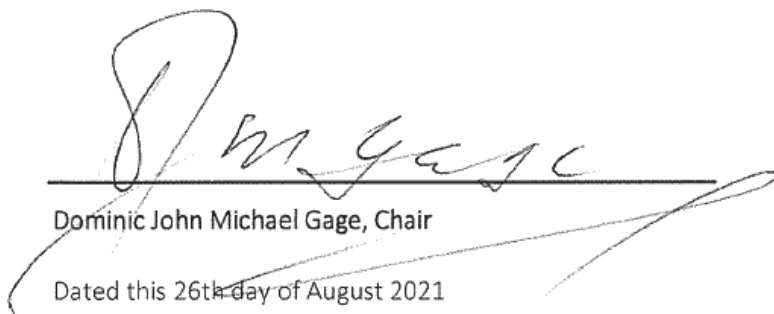
Directors' Declaration

In accordance with a resolution of the directors of Ettalong Beach 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.



Dominic John Michael Gage, Chair

Dated this 26th day of August 2021

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ettalong Beach 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 Ettalong Beach 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.

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: 26 August 2021



Joshua Griffin
Lead Auditor



Truck purchased for the Agricultural Classes at Brisbane Water Secondary College

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ABN: 37 110 069 120
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