Fassifern Valley Community Enterprises Ltd

ABN 38 138 533 810

2021 Annual Report

Community Bank · Kalbar & District

Contents

Chairman's report

For year ending 30 June 2021

After eleven years, your Community Bank Kalbar & District continues to change and the challenges remain to maintain our profitability and relevance in our rural community.

We continue to be the lender of choice to a large portion of the community in the prevailing low interest rate climate.

We continue to be actively involved in our community by supporting a number of events, activities and groups who contribute to our social fabric. Community sponsorship since the branch's inception has now reached $304,000.

The Manager's report indicates that our business has continued to grow with an increase in footings of approximately $6.5 million giving a balance on 30 June 2021 of almost $128 million. This is the combination of savings and loans and this result puts your Community Bank Kalbar & District near the top of the list for performance in Queensland.

Staff changes have continued, with our previous Manager Clint Stephens continuing in his part-time role of around twelve hours a week. As reported last year, our suitably qualified staff member Tamara Ludvigh assumed Clint's role until a replacement could be found. Stacey Cumming from Ipswich branch was chosen and commenced with our branch in February and held the Manager's position until June when changed circumstances caused her transfer to Darwin. We wish her all the best in her new position. We are pleased to announce that long standing staff member Elise Payne was chosen as the new Branch Manager. This was a popular selection and we know she will bring competence and efficiency to this role. Other changes due to maternity leave have been Amy Muller (Customer Service Officer) replaced by Joanne Kirkman. Jodie Vermeer recommenced at the branch in September 2020 and we welcome her back. Tamara Ludvigh will be leaving us in October and a suitable replacement is currently being found. Tamara has been a great asset to the branch and we thank her for her efforts. Saturday morning closure initially caused by COVID-19 has been continued, along with regular opening hours of 9.30 am to 5.00 pm. The delayed opening allows for extra internal procedures to be carried out.

We are pleased to report that the Board approved an 8 cents per share distribution this year to our loyal shareholders who endured leaner times in the early years. The Board considers this as a responsible position to adopt in these current circumstances and will continue to review the financial situation as we progress.

We as a Board continue to take seriously the responsibility of oversight of the Community Bank's activities and all members contribute. We have sound experience and expertise in many areas and aim to exercise responsibility for the management of our assets. Mike Weekes continues in his role as Secretary, doing an exceptional job. We thank Mike for his efforts and assure him we do not take him for granted. Likewise, with the retirement of Mick Rashford from Treasurer after 10 years service, our new Treasurer Paul FitzGerald knows he has big shoes to fill. While Mick delighted in his role of 'Scrooge', continually encouraging us not to spend frivolously, his actions belied the professionalism gained from 30 years in the Tax Department. Congratulations and thanks Mick.

Another to have given much time and expertise over the years has been Felix Grayson who has recently retired from the Board. Felix had much wisdom and insights from his previous work and we thank him for his efforts. We continue to be on the lookout for persons who we think will enhance our skills range on the Board.

The upgraded Community Bank Kalbar & District facilities has been money well spent, with greater freedom to move around which has been appreciated by our staff. We see no reason why the coming year should not be a successful one for the branch and we look forward to complementing the ongoing life of Kalbar and District. We wish everyone a successful year both personally and in whichever enterprise you are involved.

On behalf of the Board

David Roderick
Chairman

Manager's report

For year ending 30 June 2021

Dear Shareholders,

In August this year I was successful in the appointment as Community Bank Kalbar & District Branch Manager. I would like to thank the Board for their vote of confidence in allowing me this opportunity. Having worked for Community Bank Kalbar & District for the last seven years, I have been witness to its consistent growth and dedication of the Board members and staff alike, current and past. Each have played an important role and contributed to the success of this branch. I am energised by our purpose and feel a strong sense of pride and confidence in our organisation. I am truly proud to be part of this team and look forward to contributing to our continued success well into the future.

Throughout the 2020/21 financial year, we continued to experience the ongoing economic effects of this everchanging environment. While adhering to the increasingly stringent and ongoing regulatory compliance requirements of the industry, the branch was determined to continue to perform in the extremely competitive and challenging market. I am pleased to advise Community Bank Kalbar & District has produced another pleasing result with further growth to our branch footings. The professionalism of the staff and their ongoing diligence in looking for opportunities to assist new and existing customers has also contributed to our performance growth.

As a community we have faced another year of uncertainty especially around the COVID-19 pandemic. As a business we have also seen historically low interest rates sustained and an unprecedented market activity with record sales recorded in our local area. This has generated plenty of interest in lending opportunities for our branch but also created an increase in discharging loans from the bank due to the sales of properties.

In financial year 2020/21 Community Bank Kalbar & District, along with our Business and Rural Banking partners, achieved the following:

	FY2021	FY2020	Movement
Loan Approvals	$19,121,000	$14,547,000	(+) $4,574,000
Loan Settlements	$18,436,000	$18,546,000	(-) $110,000
Loan Discharges	$8,160,000	$3,577,000	(+) $4,590,000
Represented by:			
Loans	$81,400,000	$83,332,547	(-) $1,9000,000
Deposits	$40,100,000	$31,800,000	(+) $8,300000
Other Business	$4,100,000	$5,714,098	(-) $1,600,000
Closing Footings	**$127,900,000**	**$121,469,343**	**(+) $6,430,657**

The branch achieved $6.430 million in growth across all business segments. Customer numbers have also continued to increase with a 4.4% uplift.

This continued growth has allowed Community Bank Kalbar & District to re-invest back into the local community. This has been provided through sponsorships for sporting clubs, community groups, and key local events, with our total contribution to the local community now exceeding $304,000 since opening. The Board and branch will continue to support the wider community and we thank the community so much for their support in return. It has been unfortunate that due to local restrictions implemented throughout the COVID-19 pandemic that many local key events have not been able to go ahead as scheduled. We look forward to re-establishing our community partnerships and participating in these events that are so vital for our local region.

Manager's report (continued)

We have seen some staff movement in the branch, with current staffing as follows:

Branch Manager	Elise Payne
Branch Development Manager	Clint Stephens (Part Time)
Customer Relationship Manager	Tamara Ludvigh
Customer Relationship Officer	Joanne Kirkman
Customer Service Officer	Jodie Vermeer
Customer Service Officer	Jasmin Kimber

Amy Muller and Annabel Rose are currently on maternity leave. Amy and Annabel are scheduled to return in March and August 2022 respectively. Throughout the year we have also welcomed on board (Customer Service Officer) Jasmin Kimber and more recently Joanne Kirkman (Customer Relationship Officer). These roles became available to replace staff currently on maternity leave. We also saw Jodie Vermeer return to the branch as a Customer Service officer. Clint Stephens' decision to step aside into a part time Business Development Managerial role has proven successful with him being an integral part of the team, continuing to provide a high level of support to both staff and customers. We will be farewelling Tamara in October as she has chosen to pursue other opportunities outside of the banking world. Tamara has been with our branch for almost two years and has been an invaluable staff member and great contributor to the team's success. We wish Tamara all the very best in her future endeavours.

I thank the staff for their ongoing and consistent commitment as they continue to build relationships through outstanding customer service, community connection and engagement. I am confident that this team will continue to maintain business-as-usual at the highest standard aiming to be a one-stop financial service provider for our customers.

Any of our friendly staff can assist with our financial offerings including transactional banking, term deposits, investment products, insurance, financial planning, equipment finance, as well as residential, commercial, and rural lending. Visit the branch at 103 George Street, Kalbar, call the branch on 07 5463 7244 or email at Kalbarmailbox@bendigoadelaide.com.au.

I am sure the upcoming year will again provide challenges within the banking environment; however, I am confident that with both shareholders and customers along with our dedicated Board and staff, our business will continue to grow ensuring the bank's long term success.

Elise Payne
Branch Manager

Directors' report

For the financial year ended 30 June 2021

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

Directors

The directors of the company who held office during or since the end of the financial year are:

David John Roderick

Chairman

Occupation: Dairy Farmer

Qualifications, experience and expertise: David has worked at his family dairy farm in Harrisville for 45 years. He has been chair of a dairy group for 10 years and involved with the Lions group for 33 years, church admin for 35 years, the Kalbar Community Bank for 8 years, plus many other various local committees over the past 40 years.

Special responsibilities: Marketing Committee

Interest in shares: 20,001 ordinary shares

Michael Graeme Rashford

Non-executive director

Occupation: Retired public servant

Qualifications, experience and expertise: Michael is a retired resident of Munbilla. He has had a successful career as a taxation officer for 19 years, followed then by post office owner for 19 years also. Michael has been involved with Lions Club Int for 28 years.

Special responsibilities: Company Treasurer, Audit & Risk Committee, Marketing Committee

Interest in shares: 2,000 ordinary shares

Michael Lloyd Weekes

Non-executive director

Occupation: Farmer

Qualifications, experience and expertise: Owned and operated farms for 39 years. Since moving to the Fassifern district has invested in properties for grazing and small crop production. Has served on a number of boards of community based organisations.

Special responsibilities: Company Secretary

Interest in shares: 1,000 ordinary shares

Wilson Beresford Neuendorf

Non-executive director

Occupation: Retired farmer

Qualifications, experience and expertise: Wilson has been a successful farmer in the district all his life and a Director of the family owned Neuendorf Farms until his retirement. Previously a Boonah Shire Councillor for 8 years, Wilson is currently Chair of the Boonah Arts Festival and the Templin Historical Village and the secretary at Kalbar Baptist church.

Special responsibilities: Marketing Committee, Human Resources Committee

Interest in shares: 5,000 ordinary shares

Directors (continued)

Genevieve Windley

Non-executive director

Occupation: Farming

Qualifications, experience and expertise: Genevieve and her husband operate Kengoon Farming, focusing on vegetable production. Genevieve is also a member of the customer focus team at Kalfresh vegetables focussed on marketing, new product development and customer management. She also has extensive experience in Local Government; event and project management; tourism and marketing.

Special responsibilities: Minutes Secretary, Marketing Committee

Interest in shares: 2,000 ordinary shares

Heather Elizabeth Kliese

Non-executive director

Occupation: Accountant and Financial Planner

Qualifications, experience and expertise: Heather has been an accountant in public practice for more than 15 years and has an accounting firm, with two other ladies. She holds a Bachelor of Business (Accounting), Diploma of Financial Planning and is a member of CPA Australia. Heather has grown up in the Fassifern Valley and enjoys community involvement in various organisations in her spare time.

Special responsibilities: Finance Committee

Interest in shares: 2,000 ordinary shares

Heather Helene Wehl

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Heather has a long experience in farming and small business. She has lived in the Bremer Valley for 38 years where she ran a mixed farming enterprise while running various small businesses concurrently, including food, fashion and spare parts retailing. Prior to retirement she served for 12 years as a local government Councillor and currently serves on a number of community committees.

Special responsibilities: Marketing Committee, Human Resources Committee

Interest in shares: 12,000 ordinary shares

Paul Damien FitzGerald

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Retired public servant. Worked for Queensland rail for 34 years including as an industrial chemist for 15 years in the Scientific Services Unit based at Ipswich workshops and then for 19 years in various corporate environmental roles at head office in Brisbane. Paul holds a degree in Applied Chemistry and is a member of Harrisville Lions Club.

Special responsibilities: Chair - Audit, Risk Management and Policy Committee

Interest in shares: 1,000 ordinary shares

Murray Richard Roberts

Non-executive director

Occupation: Retired Accountant

Qualifications, experience and expertise: Qualified Accountant, Fellow of Institute of Public Accountants (retd). Director of Bizcom Services Qld P/l dealing in computerised accounting programs for 30 years. Founding Treasurer and Committee Member of the Fassifern Community Men's Shed Inc.

Special responsibilities: Nil

Interest in shares: nil share interest held

Directors (continued)

Felix Grayson

Non-executive director (resigned 16 August 2021)

Occupation: Retired Police Officer/Real Estate Agent

Qualifications, experience and expertise: Retired in 2009 as Assistant Commissioner with the Queensland Police Service. Served on the Executive of the Queensland Police Service (QPS) and the Crime and Misconduct Commission. In 2001 he was engaged by the Queensland Government as a member of an independent expert panel that conducted a review into the Queensland Police Service's Discipline System. In 2007 he was awarded the Australian Police Medal.

Special responsibilities: Audit and Risk Management Committee and Human Resource Management Committee.

Interest in shares: 1,000 ordinary shares

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

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

Company Secretary

The company secretary is Michael Weeks. Michael was appointed to the position of secretary on 3 June 2017.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
150,736	175,367

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
David John Roderick	10,001	10,000	20,001
Michael Graeme Rashford	2,000	-	2,000
Michael Lloyd Weekes	1,000	-	1,000
Wilson Beresford Neuendorf	5,000	-	5,000
Genevieve Windley	2,000	-	2,000
Heather Elizabeth Kliese	2,000	-	2,000
Heather Helene Wehl	12,000	-	12,000
Paul Damien FitzGerald	1,000	-	1,000
Murray Richard Roberts	-	-	-
Felix Grayson	1,000	-	1,000

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the Statement of Changes in Equity and Statement of Cash Flows.

	Cents per share	Total amount $
Final unfranked dividend	5.00	32,076

During the financial year, the following dividends were provided for but not paid as at 30 June 2021. The divldends have been provided for in the Statement of change in Equity.

	Cents per share	Total amount $
Final franked dividend	8.00	51,320

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Directors' Meetings	
	Eligible	Attended
David John Roderick	12	10
Michael Graeme Rashford	12	12
Michael Lloyd Weekes	12	11
Wilson Beresford Neuendorf	12	11
Genevieve Windley	12	8
Heather Elizabeth Kliese	12	7
Heather Helene Wehl	12	11
Paul Damien FitzGerald	12	8
Murray Richard Roberts	12	12
Felix Grayson	12	7

Proceedings on behalf of the company

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

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 27 to the accounts.

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

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

Auditor's independence declaration

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

Signed in accordance with a resolution of the directors at Kalbar, Queensland.

David John Roderick, Chair

Dated this 8th day of September 2021

Auditor’s independence declaration

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Fassifern Valley Community Enterprises Limited

As lead auditor for the audit of Fassifern Valley Community Enterprises 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: 8 September 2021

Joshua Griffin
Lead Auditor

Financial statements

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

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	855,726	832,858
Other revenue	9	40,766	52,662
Finance income	10	3,757	6,739
Employee benefit expenses	11c)	(479,582)	(435,165)
Charitable donations, sponsorship, advertising and promotion		(18,815)	(19,520)
Occupancy and associated costs		(15,814)	(20,138)
Systems costs		(22,304)	(21,994)
Depreciation and amortisation expense	11a)	(57,854)	(59,364)
Finance costs	11b)	(17,188)	(17,734)
General administration expenses		(87,562)	(86,751)
Profit before income tax expense		**201,130**	**231,593**
Income tax expense	12a)	(50,394)	(56,226)
Profit after income tax expense		**150,736**	**175,367**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**150,736**	**175,367**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	30a)	23.50	27.34

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	848,589	685,843
Trade and other receivables	14a)	58,202	65,388
Total current assets		**906,791**	**751,231**
Non-current assets			
Property, plant and equipment	15a)	101,351	122,218
Right-of-use assets	16a)	325,107	350,115
Intangible assets	17a)	48,823	60,802
Deferred tax asset	18b)	12,444	2,517
Total non-current assets		**487,725**	**535,652**
Total assets		**1,394,516**	**1,286,883**
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	99,112	37,734
Current tax liabilities	18a)	19,098	22,571
Lease liabilities	20a)	14,058	12,543
Employee benefits	22a)	26,456	18,015
Total current liabilities		**158,724**	**90,863**
Non-current liabilities			
Trade and other payables	19b)	29,597	44,395
Lease liabilities	20b)	330,074	344,132
Employee benefits	22b)	11,021	10,109
Provisions	21a)	8,058	7,682
Total non-current liabilities		**378,750**	**406,318**
Total liabilities		**537,474**	**497,181**
Net assets		**857,042**	**789,702**
EQUITY			
Issued capital	23a)	611,271	611,271
Retained earnings	24	245,771	178,431
Total equity		**857,042**	**789,702**

The accompanying notes form part of these financial statements.

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

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2019		611,271	35,140	646,411
Total comprehensive income for the year		-	175,367	175,367
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29b)	-	(32,076)	(32,076)
Balance at 30 June 2020		**611,271**	**178,431**	**789,702**
Balance at 1 July 2020		611,271	178,431	789,702
Total comprehensive income for the year		-	150,736	150,736
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29b)	-	(83,396)	(83,396)
Balance at 30 June 2021		**611,271**	**245,771**	**857,042**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		991,243	956,791
Payments to suppliers and employees		(684,659)	(652,264)
Interest received		3,757	6,739
Lease payments (interest component)	11b)	(16,812)	(17,375)
Lease payments not included in the measurement of lease liabilities	11d)	(8,917)	(7,904)
Income taxes paid		(63,794)	(58,173)
Net cash provided by operating activities	**25**	**220,818**	**227,814**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(46,456)
Payments for intangible assets		(13,453)	(13,453)
Net cash used in investing activities		**(13,453)**	**(59,909)**
Cash flows from financing activities			
Lease payments (principal component)		(12,543)	(11,125)
Dividends paid	29a)	(32,076)	(32,076)
Net cash used in financing activities		**(44,619)**	**(43,201)**
Net cash increase in cash held		**162,746**	**124,704**
Cash and cash equivalents at the beginning of the financial year		685,843	561,139
Cash and cash equivalents at the end of the financial year	**13**	**848,589**	**685,843**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

Note 1 Reporting entity

This is the financial report for Fassifern Valley Community Enterprises 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**
Shop 3/103 George St KALBAR QLD 4309	Shop 3/103 George St KALBAR QLD 4309

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 8 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

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

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

b) Other revenue

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

Note 4 Summary of significant accounting policies (continued)

b) Other revenue (continued)

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

Note 4 Summary of significant accounting policies (continued)

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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.

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.

Note 4 Summary of significant accounting policies (continued)

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	4 to 15 years
Plant and equipment	Straight-line	1 to 40 years
Computer Software	Straight-line	2.5 years
Motor vehicles	Straight-line	5 years

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

h) Intangible assets

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

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

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

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

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

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

i) Financial instruments

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

Note 4 Summary of significant accounting policies (continued)

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

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.

Note 4 Summary of significant accounting policies (continued)

m) Leases (continued)

As a lessee (continued)

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

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

b) Assumptions and estimation uncertainties

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

Note	Assumptions
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;
- Note 22 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;

Note 6 Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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			Contractual cash flows	
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	344,132	30,236	130,289	311,689
Trade and other payables	128,709	99,112	29,597	-
	472,841	**129,348**	**159,886**	**311,689**

30 June 2020			Contractual cash flows	
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	356,675	29,356	126,495	345,719
Trade and other payables	82,129	37,734	44,395	-
	438,804	**67,090**	**170,890**	**345,719**

c) Market risk

Market risk

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

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

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of $848,589 at 30 June 2021 (2020: $685,843). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	680,447	644,255
- Fee income	53,400	52,968
- Commission income	121,879	135,635
	855,726	**832,858**

Note 9 Other revenue

	2021 $	2020 $
- Market development fund income	22,500	25,000
- Cash flow boost	9,221	27,662
- Other income	9,045	-
	40,766	**52,662**

Note 10 Finance income

	2021 $	2020 $
- Term deposits	**3,757**	**6,739**

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

Note 11 Expenses

	2021 $	2020 $
a) Depreciation and amortisation expense		
Depreciation of non-current assets:		
- Leasehold improvements	7,297	7,165
- Plant and equipment	5,097	4,789
- Motor vehicles	8,473	8,473
- Computer Software	-	318
	20,867	**20,745**
Depreciation of right-of-use assets		
- Leased land and buildings	**25,008**	**25,008**
Amortisation of intangible assets:		
- Franchise fee	1,996	2,268
- Franchise renewal process fee	9,983	11,343
	11,979	**13,611**
Total depreciation and amortisation expense	**57,854**	**59,364**

b) Finance costs

- Lease interest expense	16,812	17,375
- Unwinding of make-good provision	376	359
	17,188	**17,734**

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

c) Employee benefit expenses

Wages and salaries	386,999	354,912
Non-cash benefits	8,995	9,024
Contributions to defined contribution plans	35,810	34,595
Expenses related to long service leave	13,080	7,457
Other expenses	34,698	29,177
	479,582	**435,165**

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	**8,917**	**7,904**

Note 12 Income tax expense

	2021 $	2020 $
a) Amounts recognised in profit or loss		
Current tax expense/(credit)		
- Current tax	60,321	58,138
- Movement in deferred tax	(10,425)	(2,057)
- Reduction in company tax rate	498	145
	50,394	**56,226**
b) Prima facie income tax reconciliation		
Operating profit before taxation	201,130	231,593
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	52,294	63,688
Tax effect of:		
- Temporary differences	10,424	2,057
- Other assessable income	(2,397)	(7,607)
- Movement in deferred tax	(10,425)	(2,057)
- Adjustment to deferred tax to reflect reduction of tax rate for future periods.	498	145
	50,394	**56,226**

Note 13 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	227,538	228,545
- Term deposits	621,051	457,298
	848,589	**685,843**

Note 14 Trade and other receivables

	2021 $	2020 $
a) Current assets		
Trade receivables	53,300	60,230
Prepayments	4,902	4,803
Other receivables and accruals	-	355
	58,202	**65,388**

Note 15 Property, plant and equipment

	2021 $	2020 $
a) Carrying amounts		
Leasehold improvements		
At cost	152,020	152,020
Less: accumulated depreciation	(75,133)	(67,836)
	76,887	**84,184**

Note 15 Property, plant and equipment (continued)

	2021 $	2020 $
a) Carrying amounts (continued)		
Plant and equipment		
At cost	88,595	88,595
Less: accumulated depreciation	(66,801)	(61,704)
	21,794	**26,891**
Motor vehicles		
At cost	42,365	42,365
Less: accumulated depreciation	(39,695)	(31,222)
	2,670	**11,143**
Computer software		
At cost	1,759	1,759
Less: accumulated depreciation	(1,759)	(1,759)
	-	**-**
Total written down amount	**101,351**	**122,218**
b) Reconciliation of carrying amounts		
Leasehold improvements		
Carrying amount at beginning	84,184	48,869
Additions	-	42,480
Depreciation	(7,297)	(7,165)
	76,887	**84,184**
Plant and equipment		
Carrying amount at beginning	26,891	27,703
Additions	-	3,977
Depreciation	(5,097)	(4,789)
	21,794	**26,891**
Motor vehicles		
Carrying amount at beginning	11,143	19,616
Depreciation	(8,473)	(8,473)
	2,670	**11,143**
Computer software		
Carrying amount at beginning	-	318
Depreciation	-	(318)
	-	**-**
Total written down amount	**101,351**	**122,218**

c) Changes in estimates

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

Note 16 Right-of-use assets

	2021 $	2020 $
a) Carrying amounts		
Leased land and buildings		
At cost	375,123	375,123
Less: accumulated depreciation	(50,016)	(25,008)
Total written down amount	**325,107**	**350,115**
b) Reconciliation of carrying amounts		
Leased land and buildings		
Carrying amount at beginning	350,115	-
Initial recognition on transition	-	375,123
Depreciation	(25,008)	(25,008)
Total written down amount	**325,107**	**350,115**

Note 17 Intangible assets

	2021 $	2020 $
a) Carrying amounts		
Franchise fee		
At cost	32,233	32,233
Less: accumulated amortisation	(24,096)	(22,100)
	8,137	**10,133**
Franchise establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	-	**-**
Franchise renewal process fee		
At cost	111,163	111,163
Less: accumulated amortisation	(70,477)	(60,494)
	40,686	**50,669**
Total written down amount	**48,823**	**60,802**
b) Reconciliation of carrying amounts		
Franchise fee		
Carrying amount at beginning	10,133	1,511
Additions	-	10,890
Amortisation	(1,996)	(2,268)
	8,137	**10,133**
Franchise renewal process fee		
Carrying amount at beginning	50,669	7,562
Additions	-	54,450
Amortisation	(9,983)	(11,343)
	40,686	**50,669**
Total written down amount	**48,823**	**60,802**

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

	2021 $	2020 $
a) Current tax		
Income tax payable	**19,098**	**22,571**
b) Deferred tax		
Deferred tax assets		
- expense accruals	750	780
- employee provisions	9,369	7,312
- make-good provision	2,015	1,997
- lease liability	86,033	92,736
Total deferred tax assets	**98,167**	**102,825**
Deferred tax liabilities		
- property, plant and equipment	4,446	9,278
- right-of-use assets	81,277	91,030
Total deferred tax liabilities	**85,723**	**100,308**
Net deferred tax assets (liabilities)	**12,444**	**2,517**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**(9,927)**	**1,912**

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.

	2021 $	2020 $
a) Current liabilities		
Other creditors and accruals	**99,112**	**37,734**
b) Non-current liabilities		
Other creditors and accruals	**29,597**	**44,395**

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 4.79%.

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

The company's lease portfolio includes:

- Kalbar & District Branch
  The lease agreement commenced in July 2019. The company has 2 x 5 year renewal options available, which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2034.

Note 20 Lease liabilities (continued)

	2021 $	2020 $
a) Current lease liabilities		
Property lease liabilities	30,236	29,356
Unexpired interest	(16,178)	(16,813)
	14,058	**12,543**
b) Non-current lease liabilities		
Property lease liabilities	441,978	472,214
Unexpired interest	(111,904)	(128,082)
	330,074	**344,132**
c) Reconciliation of lease liabilities		
Balance at the beginning	356,675	-
Initial recognition on AASB 16 transition	-	367,800
Lease interest expense	16,812	17,375
Lease payments - total cash outflow	(29,355)	(28,500)
	344,132	**356,675**
d) Maturity analysis		
- Not later than 12 months	30,236	29,356
- Between 12 months and 5 years	130,289	126,495
- Greater than 5 years	311,689	345,719
Total undiscounted lease payments	**472,214**	**501,570**
Unexpired interest	(128,082)	(144,895)
Present value of lease liabilities	**344,132**	**356,675**

Note 21 Provisions

	2021 $	2020 $
a) Non-current liabilities		
Make-good on leased premises	**8,058**	**7,682**

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 as at $15,000 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 June 2034 at which time it is expected the face-value costs to restore the premises will fall due.

Note 22 Employee benefits

	2021 $	2020 $
a) Current liabilities		
Provision for annual leave	21,667	18,015
Provision for personal leave	4,789	-
	26,456	**18,015**

Provision for personal leave is recognised this period under the company's Enterprise Agreement as employees are entitled to a portion of their personal leave to be paid out when their employment ends.

Note 22 Employee benefits (continued)

	2021 $	2020 $
b) Non-current liabilities		
Provision for long service leave	**11,021**	**10,109**

c) Key judgement and assumptions

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

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

Note 23 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	641,510	641,510	641,510	641,510
Less: equity raising costs	-	(30,239)	-	(30,239)
	641,510	**611,271**	**641,510**	**611,271**

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").

Note 23 Issued capital (continued)

b) Rights attached to issued capital (continued)

Prohibited shareholding interest (continued)

- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 190. As at the date of this report, the company had 224 shareholders (2020: 228 shareholders).

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

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

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

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

Note 24 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		178,431	35,140
Net profit after tax from ordinary activities		150,736	175,367
Dividends provided for or paid	29b)	(83,396)	(32,076)
Balance at end of reporting period		**245,771**	**178,431**

Note 25 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	150,736	175,367
Adjustments for:		
- Depreciation	45,875	45,753
- Amortisation	11,979	13,611
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	7,187	(16,185)
- (Increase)/decrease in other assets	(9,927)	(1,912)
- Increase/(decrease) in trade and other payables	8,712	4,808
- Increase/(decrease) in employee benefits	9,353	6,047
- Increase/(decrease) in provisions	376	359
- Increase/(decrease) in tax liabilities	(3,473)	(34)
Net cash flows provided by operating activities	**220,818**	**227,814**

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	227,538	228,545
Term deposits	13	621,051	457,298
Trade and other receivables	14	53,300	60,585
		901,889	**746,428**
Financial liabilities			
Trade and other payables	19	128,709	82,129
Lease liabilities	20	344,132	356,675
		472,841	**82,129**

Note 27 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	600	600
- General advisory services	2,890	2,590
- Share registry services	3,168	3,155
Total auditor's remuneration	**11,658**	**11,145**

Note 28 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

David John Roderick
Wilson Beresford Neuendorf
Heather Helene Wehl
Felix Grayson
Michael Graeme Rashford
Genevieve Windley
Paul Damien FitzGerald
Michael Lloyd Weekes
Heather Elizabeth Kliese
Murray Richard Roberts

b) Key management personnel compensation

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

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

c) Related party transactions

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

Note 29 Dividends provided for or paid

a) Dividends paid during the period

The following dividends were paid to shareholders during the reporting period as presented in the Statement of Cash Flows.

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Unfranked dividend	5.00	32,076	5.00	32,076
Total dividends paid during the financial year	**5.00**	**32,076**	**5.00**	**32,076**

b) Dividends provided for during the period

The following dividends were provided for during the reporting period as presented in the Statement of Changes in Equity.

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Unfranked dividend	5.00	32,076	5.00	32,076
Fully franked dividend	8.00	51,320	-	-
Total dividends provided for during the financial year	**13.00**	**83,396**	**5.00**	**32,076**

The tax rate at which dividends will be franked is 25%.

c) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	126,684	68,480
Franking transactions during the financial year:		
- Franking credits from the payment of income tax instalments during the financial year	63,794	58,204
Franking account balance at the end of the financial year	**190,478**	**126,684**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	19,098	22,348
- Franking debits that will arise from payment of dividends subsequent to financial year end	(17,107)	-
Franking credits available for future reporting periods	**192,469**	**149,032**

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

Note 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	150,736	175,367
	Number	**Number**
Weighted-average number of ordinary shares	641,510	641,510
	Cents	**Cents**
Basic and diluted earnings per share	23.50	27.34

Note 31 Commitments

The company has no 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.

Directors' declaration

In accordance with a resolution of the directors of Fassifern Valley Community Enterprises 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.

David John Roderick
Chair

Dated this 8th day of September 2021

Independent audit report

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03 5443 0344

Independent auditor's report to the Directors of Fassifern Valley Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fassifern Valley Community Enterprises 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 Fassifern Valley Community Enterprises 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.

AFS
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Chartered Accountants

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 8 September 2021

Joshua Griffin
Lead Auditor

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Bendigo Bank

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