

The cover features a large, solid magenta shape on the left side, which serves as a background for the text. On the right side, there is a photograph of a person in a pink jacket walking through a field of green plants. The overall design is modern and community-oriented.

Annual Report 2021

Geographe Bay Community
Enterprises Limited

Community Bank
Busselton and Dunsborough
ABN 40 146 993 982

Contents

Chairman's Report	2
Branch Manager's Report	3
Directors' Report	4
Independent Auditor's Independence Declaration	9
Statement of Profit or Loss and Other Comprehensive Income	10
Notes to the Financial Statements	14
Directors' Declaration	38
Independent Auditor's Report	39

Chairman's report

For year ending 30 June 2021

On behalf of the board and staff of Geographe Bay Community Enterprises Limited, I am pleased to present the introduction and overview to the 2020-2021 Annual Report.

The last financial year has once again been very interesting for most businesses. The continuing effects from life with COVID and an extremely buoyant property market have made it a very interesting year for our business.

Our staff restructure has proved to be successful, and David has settled into his second year with us. He was joined by Pauline as our Assistant Branch Manager in February after the departure of Malin. I would like to thank both David, Pauline, and their team for all their efforts throughout the past financial year.

Our shareholders received their first dividend payment during the last financial year. We were exceptionally excited that we have finally been able to get to this position. We again thank you for your patience and support.

This past year again, we have invested close to \$50,000 back into our local community through a range of programs. As we continue to develop and support local community groups, create new partnerships we still seeing greater referrals for our business.

Over the past year we have continued to work with and have great support from our business partners at Bendigo and Adelaide Bank. We look forward to continuing to work with them into the future as we continue to provide financial products and services to our local communities.

I would like to thank all of you in the community that do support our branches. Because of you and your commitment to us, we are able to give back to the community through local investment. I urge you to help promote what we do to your family, friends and colleagues to assist us with bettering our financial position. The more people that bank with us, the better our financial position which results in a better return on your investment.

Finally, I would like to thank our volunteer board of directors. Without you giving your time and experience, we would not be able to do what we do. I thank you for your efforts and support throughout the previous year and look forward to working with you in 2021/2022.



Joshua Jonathon Hardy
Chairperson

Branch Manager's report

For year ending 30 June 2021

The 2020/2021 Financial Year has been a positive period for Geographe Bay Community Enterprises Limited and has included significant challenges. While the loss of short- and long-term staff is never ideal, new members to the team has seen a rejuvenation at all levels within the group.

In conjunction with the Board, and in line with most of the banking sector, I completed a full review of lending and operational processes over the past six months. Amongst various outcomes, the review concluded that in the changing financial environment, more time and emphasis is required to be placed on business development rather than back-office processing. Accordingly, the Board approved the appointment of a full-time Business Development Manager (BDM) and Lending Assistant.

New team members include:

- Pauline Kelly (Assistant Branch Manager)
- Mikayla Love (Customer Service Officer)
- Deb Hancock (Customer Service Officer – Relief)
- Kelly Stone (Lending Assistant – casual)
- Kelly Linton (Lending Assistant – casual)
- Geet Geeta (Customer Service Officer)

Thanks also to our current team members, Gemma Bennett and Chrissy Bartlett and good luck goes to Daniel Veitch who is progressing his career within Bendigo with a move to Perth.

The number and volume of consumer and commercial lending over the past 12 months has been strong with over 100% of the budget achieved. While competitor rates, fees and incentives to refinance has been robust during this period, “competitor affect” on our book has been minimal.

On the other hand, the low interest rates and vigorous property market in the South West has impacted our book with many borrowers taking the opportunity to amortise debt and/or to sell investments. This has resulted in minimal lending growth and large deposit growth over the past 12 months.

As we are all aware lower interest rates have brought pain to deposit holders and relief to borrowers since early 2020. The RBA has predicted that rates will remain steady in line with inflation for another 2 years – the unemployment rate needs to drop below 4.5% before we see inflation increases and in turn interest rate changes.

These decreases have resulted in bank margins reducing by approx. 30% since May 2020. This will be the major challenge for the Geographe Bay Community Enterprises Limited team over the next few years, however I am confident with the support of our Board, the changes we have made combined with 90% of loans written under fixed rate terms, the growth we will encounter over the next 3 years will result in a profitable return to investors in the years ahead.

I take this opportunity to thank our valued customers, shareholders, the Board of Directors and the Team for their hard work & support over the 20/21 Financial Year.



David Johnston
Branch Manager

Geographe Bay Community Enterprises Limited

Directors' Report

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

Directors

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

Joshua Jonathon Hardy

Non-executive director

Occupation: Consultant

Qualifications, experience and expertise: Joshua is currently the General Manager of Cartec Training and also undertakes Project Management for a mining technology company in Perth for international projects. Joshua's strengths lie in Strategic Planning, Project Management, Financial Analysis and Business Improvement. Joshua is the Executive Officer and still a committee member of the Western Australian Racehorse Owners Association, of which he was treasurer for three years.

Special responsibilities: Chair, Marketing Committee, Human Resources Committee, Finance Committee, Premises Committee

Interest in shares: 2,000 ordinary shares

Warwick William Howard

Non-executive director

Occupation: Managing Director

Qualifications, experience and expertise: The owner of a large food manufacturing business located in the Margaret River region. Previously experience includes the General Manager of a diverse state-wide WA business specialising in Labour Management, Accommodation and Commercial Maintenance for 7 years, and Senior Manager at BDO Chartered Accountants for 9 years.

Special responsibilities: Treasurer, Secretary

Interest in shares: 3,000 ordinary shares

Claire Louise Spalding

Non-executive director

Occupation: Marketing

Qualifications, experience and expertise: Global Sales & Marketing Director - NOROCK tables. Chairperson of No Rock Café Tables Pty Ltd. Over 18 years of international brand strategy experience in FMCG, Retail and Manufacturing sectors. BA in Communications Marketing and PR.

Special responsibilities: Chair of Marketing Committee

Interest in shares: nil share interest held

Rebecca Cunningham

Non-executive director

Occupation: Home Duties

Qualifications, experience and expertise: Over 12 years in Project Management or Consultant roles within both government and private industry with experience in projects within sustainability, government, IT and construction. Acting CEO for Earthmine Australia. Post Graduate Certificate in Business at UWA. President of local Naturaliste Family Playgroup.

Special responsibilities: Marketing & Finance Committees

Interest in shares: nil share interest held

David Markovich

Non-executive director

Occupation: Solicitor

Qualifications, experience and expertise: David has practised law in Western Australia and England, in private practice and in-house. David works with Lane Buck & Higgins in Busselton, Margaret River and Perth. David engages in litigation and commercial matters including employment, construction, business, criminal, property, insolvency, consumer law and occupational health and safety. David worked previously a senior research economist in State and Federal governments.

Special responsibilities: Nil

Interest in shares: nil share interest held

Geographe Bay Community Enterprises Limited

Directors' Report

Directors (*continued*)

Ashton Holly Warrick

Non-executive director

Occupation: Consultant Psychologist

Qualifications, experience and expertise: Ashton is a Registered Psychologist with a Master of Applied Psychology (Organisational). She has over a decade public sector experience in compliance and business integrity, as well as private and public sector consulting experience covering a range of leadership, engagement, strategy, change management, and organisational development projects in a range of industries including mining, health, education and legal. Ashton is accredited in a range of psychometric tools and experienced in psychometric debriefing, assessment design, program design and evaluation, individual coaching, employee training, expatriate research, strategy and training, on boarding strategy, designing and facilitating up-skilling workshops, focus groups, consultation workshops, and strategy and action planning workshops.

Special responsibilities: Chair Human Resources Committee, Secretary

Interest in shares: nil share interest held

Simona Hughes

Non-executive director (appointed 8 August 2020)

Occupation: Chartered Accountant

Qualifications, experience and expertise: A chartered Accountant with over 20 years experience in numerous multi-national corporates in Australia and the UK, including Lloyds Banking Group. Currently acts as CFO for numerous businesses in Australia, some with global reach, providing strategic financial management services. Also owns and operates an accounting firm with a focus on business advisory to the small business sector with offices in Perth and Dunsborough.

Special responsibilities: Treasurer

Interest in shares: nil share interest held

Jessica Claire O'Malley

Non-executive director (resigned 30 March 2021)

Occupation: Settlement Agent

Qualifications, experience and expertise: Current: Licensee/Owner South West Property Settlements & Licensee/Owner of Regional Business News. Over 17 years experience in real estate and settlement industry. Licensed Real Estate and Business Agent - (current license certificate completed in 2006 RA60498). Licensed Settlement Agent (Diploma in Financial Services Conveyancing - current license certificate SA58363). Current other volunteer role - Treasurer for board of Busselton Jetty Inc. Previous roles Secretary of Geographe Bay Referral Group Inc. Current Business Member of Dunsborough Yallingup Chamber of Commerce, Busselton Chamber of Commerce and Bunbury Chamber of Commerce, Margaret River Busselton Tourism Association, AIM. Previous roles on this board for Bendigo: Chair, Marketing Committee, Chair Human Resource Committee.

Special responsibilities: Nil

Interest in shares: 3,000 ordinary shares

Glyn Yates

Non-executive director (resigned 29 July 2020)

Occupation: Company Director

Qualifications, experience and expertise: Chair Keystart Loans Ltd, Chair Country Housing Authority, Director & Past Chair Collie and Districts Financial Services Ltd, Past Councillor and Deputy Shire President Shire of Collie, Past President Collie Chamber of Commerce and Industry Inc., Past National Chair and WA rep on Community Bank National Council, Chair Accredited Grass-fed Beef Co-op. Tertiary qualifications in Forestry, business proprietor for nearly 30 yrs. Business interests in forestry, land management, farming, commercial property and enterprise management. Graduate Australian Institute of Company Directors. Other current directorships: Collie and Districts Financial Services Ltd, Evergem Pty Ltd, G&R Yates Superfund Pty Ltd, WFM Pty Ltd, Keystart Loans Ltd, Keystart Bonds Ltd, Keystart Support Ltd, Keystart Support (Subsidiary) Ltd, Keystart Scheme Management Pty Ltd

Special responsibilities: Human Resources Committee

Interest in shares: nil share interest held

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

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

Geographe Bay Community Enterprises Limited

Directors' Report

Company Secretary

There have been two company secretaries holding the position during the financial year:

- Warick Howard was appointed company secretary on 24 May 2018.
- Ashton Warrick was appointed company secretary on 7 September 2021.

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/(loss) of the company for the financial year after provision for income tax was:

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
(6,077)	57,200

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Joshua Jonathon Hardy	2,000	-	2,000
Warwick William Howard	3,000	-	3,000
Claire Louise Spalding	-	-	-
Rebecca Cunningham	-	-	-
David Markovich	-	-	-
Ashton Holly Warrick	-	-	-
Simona Hughes	-	-	-
Jessica Claire O'Malley	3,000	-	3,000
Glyn Yates	-	-	-

Dividends

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

	Cents per share	Total amount \$
Final unfranked dividend	1.2	19,027

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.

Geographe Bay Community Enterprises Limited

Directors' Report

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 except as disclosed in note 27 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 attended by each of the directors of the company during the financial year were:

<i>E - eligible to attend</i> <i>A - number attended</i>	Board Meetings	
	<i>E</i>	<i>A</i>
Joshua Jonathon Hardy	11	9
Warwick William Howard	11	9
Claire Louise Spalding	11	6
Rebecca Cunningham*	11	4
David Markovich	11	8
Ashton Holly Warrick	11	10
Simona Hughes	11	9
Jessica Claire O'Malley	7	4
Glyn Yates	-	-

**Leave of absence from October to May*

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*.

Geographe Bay Community Enterprises Limited

Directors' Report

Non audit services

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

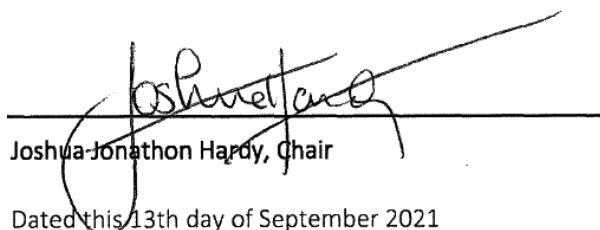
The board of directors has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

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 9.

Signed in accordance with a resolution of the directors at Busselton, Western Australia.



Joshua Jonathon Hardy, Chair

Dated this 13th day of September 2021

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Geographe Bay Community Enterprises Limited

As lead auditor for the audit of Geographe Bay 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: 13 September 2021



Joshua Griffin
Lead Auditor

Geographe Bay Community Enterprises 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	858,823	857,034
Other revenue	9	96,067	129,497
Employee benefit expenses	10c)	(516,408)	(457,171)
Charitable donations, sponsorship, advertising and promotion		(65,990)	(76,074)
Occupancy and associated costs		(27,146)	(28,306)
Systems costs		(47,590)	(45,558)
Depreciation and amortisation expense	10a)	(127,545)	(126,811)
Finance costs	10b)	(16,653)	(22,215)
General administration expenses		(140,285)	(122,478)
Profit before income tax		13,273	107,918
Income tax expense	11a)	(19,350)	(50,718)
Profit after income tax		(6,077)	57,200
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(6,077)	57,200
Earnings per share		¢	¢
- Basic/diluted earnings/(loss) per share:	29a)	(0.32)	3.03

The accompanying notes form part of these financial statements

Geographe Bay Community Enterprises Limited

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Trade and other receivables	12a)	83,571	122,200
Total current assets		83,571	122,200
Non-current assets			
Property, plant and equipment	13a)	104,940	120,574
Right-of-use assets	14a)	286,972	190,956
Intangible assets	15a)	8,953	32,954
Deferred tax asset	16a)	566,084	585,433
Total non-current assets		966,949	929,917
Total assets		1,050,520	1,052,117
LIABILITIES			
Current liabilities			
Trade and other payables	17a)	53,754	70,931
Loans and borrowings	18a)	573,872	621,537
Lease liabilities	19a)	47,194	67,290
Employee benefits	21a)	22,654	34,834
Total current liabilities		697,474	794,592
Non-current liabilities			
Lease liabilities	19b)	244,072	121,760
Employee benefits	21b)	5,529	6,201
Provisions	20a)	9,511	10,526
Total non-current liabilities		259,112	138,487
Total liabilities		956,586	933,079
Net assets		93,934	119,038
EQUITY			
Issued capital	22a)	1,837,157	1,837,157
Accumulated losses	23	(1,743,223)	(1,718,119)
Total equity		93,934	119,038

The accompanying notes form part of these financial statements

Geographe Bay Community Enterprises 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		1,837,157	(1,775,319)	61,838
Total comprehensive income for the year		-	57,200	57,200
Balance at 30 June 2020		1,837,157	(1,718,119)	119,038
Balance at 1 July 2020		1,837,157	(1,718,119)	119,038
Total comprehensive income for the year		-	(6,077)	(6,077)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28	-	(19,027)	(19,027)
Balance at 30 June 2021		1,837,157	(1,743,223)	93,934

The accompanying notes form part of these financial statements

Geographie Bay Community Enterprises Limited

Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,052,972	1,074,364
Payments to suppliers and employees		(838,209)	(856,690)
Interest paid		(10,401)	(14,408)
Lease payments (interest component)	10b)	(5,878)	(7,446)
Lease payments not included in the measurement of lease liabilities	10d)	(19,926)	(18,450)
Net cash provided by operating activities	24	178,558	177,370
Cash flows from investing activities			
Payments for property, plant and equipment		(11,727)	(4,303)
Payments for intangible assets		(28,768)	(28,769)
Net cash used in investing activities		(40,495)	(33,072)
Cash flows from financing activities			
Lease payments (principal component)		(71,371)	(61,300)
Dividends paid	28	(19,027)	-
Net cash used in financing activities		(90,398)	(61,300)
Net cash increase in cash held		47,665	82,998
Cash and cash equivalents at the beginning of the financial year		(621,537)	(704,535)
Cash and cash equivalents at the end of the financial year	18b)	(573,872)	(621,537)

The accompanying notes form part of these financial statements

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1 Reporting entity

This is the financial report for Geographe Bay 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
50-54 Queen Street Busselton WA 6280	50-54 Queen Street Busselton WA 6280

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

Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 13 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:

Geographe Bay Community Enterprises 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*)

<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.

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.

Geographe Bay Community Enterprises 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*)

Ability to change financial return (continued)

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

b) Other revenue

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

<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.

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.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

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.

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.

Geographie Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

d) Employee benefits (*continued*)

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.

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. Bank overdrafts are shown as current liabilities within loans and borrowings in the statement of financial position.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	1 to 8 years
Plant and equipment	Straight-line and diminishing value	2.5 to 5 years

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

h) Intangible assets

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

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 required.

i) Financial instruments

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

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.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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.

Preference shares

The company's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in the profit or loss as accrued.

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the company's equity instruments. Discretionary dividends thereon are recognised as equity distributions.

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.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

m) Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

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.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

a) Judgements

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

<u>Note</u>	<u>Judgement</u>
- Note 19 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

b) Assumptions and estimation uncertainties

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

<u>Note</u>	<u>Assumptions</u>
- Note 16 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 13 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;
- Note 20 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

Note 6 Financial risk management

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

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.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6 Financial risk management (continued)

b) Liquidity risk (continued)

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

- \$900,000 overdraft facility with available facility of \$326,595 as at 30 June 2021. Interest is payable at a rate of 2.03% (2020: 0.00%)

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>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>
Bank overdraft	573,405	573,405	-	-
Lease liabilities	291,266	56,918	242,676	21,072
Trade and other payables	53,754	53,754	-	-
	<u>918,425</u>	<u>684,077</u>	<u>242,676</u>	<u>21,072</u>

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>
Bank overdraft	620,912	620,912	-	-
Lease liabilities	189,050	72,963	99,713	32,066
Trade and other payables	70,931	70,931	-	-
	<u>880,893</u>	<u>764,806</u>	<u>99,713</u>	<u>32,066</u>

The bank overdraft is repayable on demand and used for cash management purposes. It is reviewed annual by the lender, Bendigo Bank. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

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

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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	724,223	728,689
- Fee income	54,054	50,477
- Commission income	80,546	77,868
	<u>858,823</u>	<u>857,034</u>

Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	65,444	73,858
- Cash flow boost	30,623	51,038
- Covid rent concession	-	4,601
	<u>96,067</u>	<u>129,497</u>

Note 10 Expenses

a) Depreciation and amortisation expense	2021 \$	2020 \$
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	24,154	25,291
- Plant and equipment	2,669	3,137
- Motor vehicles	539	56
	<u>27,362</u>	<u>28,484</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	69,992	66,980
- Leased motor vehicles	6,190	2,579
	<u>76,182</u>	<u>69,559</u>

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 10 Expenses (*continued*)

a) Depreciation and amortisation expense (<i>continued</i>)	2021 \$	2020 \$
<i>Amortisation of intangible assets:</i>		
- Franchise fee	1,617	6,384
- Franchise renewal process fee	22,384	22,384
	<u>24,001</u>	<u>28,768</u>
Total depreciation and amortisation expense	<u>127,545</u>	<u>126,811</u>
b) Finance costs		
- Bank overdraft interest paid or accrued	10,401	14,407
- Lease interest expense	5,878	7,446
- Unwinding of make-good provision	374	362
	<u>16,653</u>	<u>22,215</u>
Finance costs are recognised as expenses when incurred using the effective interest rate.		
c) Employee benefit expenses		
Wages and salaries	452,395	391,904
Contributions to defined contribution plans	44,433	39,289
Expenses related to long service leave	(729)	(1,907)
Other expenses	20,309	27,885
	<u>516,408</u>	<u>457,171</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>19,926</u>	<u>18,450</u>

Note 11 Income tax expense

a) Amounts recognised in profit or loss	2021 \$	2020 \$
<i>Current tax expense/(credit)</i>		
- Recoupment of prior year tax losses	-	14,709
- Future income tax benefit attributable to losses	(5,558)	-
- Movement in deferred tax	2,265	2,234
- Reduction in company tax rate	22,643	33,775
	<u>19,350</u>	<u>50,718</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 \$22,643 related to the remeasurement of deferred tax assets and liabilities of the company.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11 Income tax expense (*continued*)

b) <i>Prima facie</i> income tax reconciliation	2021 \$	2020 \$
Operating profit before taxation	13,273	107,918
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	3,451	29,677
Tax effect of:		
- Non-deductible expenses	1,218	1,300
- Other deductible expenses	(271)	(287)
- Temporary differences	(1,994)	(1,946)
- Other assessable income	(7,962)	(14,035)
- Movement in deferred tax	2,265	2,234
- Reduction in company tax rate	22,643	33,775
	<u>19,350</u>	<u>50,718</u>

Note 12 Trade and other receivables

a) Current assets	2021 \$	2020 \$
Trade receivables	76,635	78,113
Prepayments	6,726	5,891
Other receivables and accruals	210	38,196
	<u>83,571</u>	<u>122,200</u>

Note 13 Property, plant and equipment

a) Carrying amounts	2021 \$	2020 \$
<i>Leasehold improvements</i>		
At cost	290,578	284,959
Less: accumulated depreciation	(192,807)	(168,652)
	<u>97,771</u>	<u>116,307</u>
<i>Plant and equipment</i>		
At cost	24,730	18,620
Less: accumulated depreciation	(19,416)	(16,747)
	<u>5,314</u>	<u>1,873</u>
<i>Motor vehicles</i>		
At cost	2,450	2,450
Less: accumulated depreciation	(595)	(56)
	<u>1,855</u>	<u>2,394</u>
Total written down amount	<u>104,940</u>	<u>120,574</u>

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

b) Reconciliation of carrying amounts	2021	2020
	\$	\$
<i>Leasehold improvements</i>		
Carrying amount at beginning	116,307	141,598
Additions	5,618	-
Depreciation	(24,154)	(25,291)
	<u>97,771</u>	<u>116,307</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	1,873	3,157
Additions	6,110	1,853
Depreciation	(2,669)	(3,137)
	<u>5,314</u>	<u>1,873</u>
<i>Motor vehicles</i>		
Carrying amount at beginning	2,394	-
Additions	-	2,450
Depreciation	(539)	(56)
	<u>1,855</u>	<u>2,394</u>
Total written down amount	<u>104,940</u>	<u>120,574</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.

Note 14 Right-of-use assets

a) Carrying amounts	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
At cost	407,954	235,756
Less: accumulated depreciation	(136,972)	(66,980)
	<u>270,982</u>	<u>168,776</u>
<i>Leased motor vehicles</i>		
At cost	24,759	24,759
Less: accumulated depreciation	(8,769)	(2,579)
	<u>15,990</u>	<u>22,180</u>
Total written down amount	<u>286,972</u>	<u>190,956</u>

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 14 Right-of-use assets (*continued*)

b) Reconciliation of carrying amounts	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
Carrying amount at beginning	168,776	-
Initial recognition on transition	-	249,820
Accumulated depreciation on adoption	-	(10,165)
Remeasurement adjustments	172,198	(3,899)
Depreciation	(69,992)	(66,980)
	<u>270,982</u>	<u>168,776</u>
<i>Leased motor vehicles</i>		
Carrying amount at beginning	22,180	-
Additional right-of-use assets recognised	-	24,759
Depreciation	(6,190)	(2,579)
Carrying amount at end	<u>15,990</u>	<u>22,180</u>
Total written down amount	<u>286,972</u>	<u>190,956</u>

Note 15 Intangible assets

a) Carrying amounts	2021	2020
	\$	\$
<i>Franchise fee</i>		
At cost (Dunsborough)	21,192	21,192
Less: accumulated amortisation	(20,447)	(21,068)
At cost (Busselton)	19,927	19,927
Less: accumulated amortisation	(19,181)	(16,943)
	<u>1,491</u>	<u>3,108</u>
<i>Franchise establishment fee</i>		
At cost (Dunsborough)	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
At cost (Busselton)	61,145	61,145
Less: accumulated amortisation	(61,145)	(61,145)
	<u>-</u>	<u>-</u>
<i>Franchise renewal process fee</i>		
At cost (Dunsborough)	55,961	55,961
Less: accumulated amortisation	(52,230)	(41,038)
At cost (Busselton)	55,961	55,961
Less: accumulated amortisation	(52,230)	(41,038)
	<u>7,462</u>	<u>29,846</u>
Total written down amount	<u>8,953</u>	<u>32,954</u>

Geographie Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 15 Intangible assets (*continued*)

b) Reconciliation of carrying amounts	2021	2020
	\$	\$
<i>Franchise fee</i>		
Carrying amount at beginning	3,108	9,492
Amortisation	(1,617)	(6,384)
	<u>1,491</u>	<u>3,108</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	29,846	52,230
Amortisation	(22,384)	(22,384)
	<u>7,462</u>	<u>29,846</u>
Total written down amount	<u>8,953</u>	<u>32,954</u>

c) Changes in estimates

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

Note 16 Tax assets and liabilities

a) Deferred tax	2021	2020
	\$	\$
<i>Deferred tax assets</i>		
- employee provisions	7,100	10,725
- make-good provision	2,378	2,737
- lease liability	72,817	49,153
- equity raising costs	522	814
- carried-forward tax losses	555,010	571,653
Total deferred tax assets	<u>637,827</u>	<u>635,082</u>
<i>Deferred tax liabilities</i>		
- right-of-use assets	71,743	49,649
Total deferred tax liabilities	<u>71,743</u>	<u>49,649</u>
Net deferred tax assets (liabilities)	<u>566,084</u>	<u>585,433</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(19,349)</u>	<u>(49,570)</u>

Note 17 Trade creditors and other payables

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

a) Current liabilities	2021	2020
	\$	\$
Trade creditors	12,115	13,726
Other creditors and accruals	41,639	57,205
	<u>53,754</u>	<u>70,931</u>

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 18 Loans and borrowings

a) Current liabilities	2021 \$	2020 \$
Bank overdraft	573,405	620,912
Funds held in trust liability	467	625
	<u>573,872</u>	<u>621,537</u>

Bank overdraft

The company has an approved overdraft limit of \$900,000 which was drawn down to \$573,405. The company has \$326,595 overdraft remaining before exceeding the approved limited or required to re-negotiate the terms.

Interest is recognised using the effective interest method, currently 2.03% (2020: 0.00%).

b) Reconciliation to statement of cash flows

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

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

	2021 \$	2020 \$
- Bank overdraft	<u>573,405</u>	<u>620,912</u>

c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021		30 June 2020	
			Face value	Carrying value	Face value	Carrying value
Bank overdraft	2.03%	Floating	573,405	573,405	620,912	620,912

Note 19 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 3.5%.

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:

- Busselton Branch The lease agreement commenced in March 2012. A 4 year renewal option was exercised in June 2021. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are not reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2026.
- Dunsborough Branch The lease agreement commenced in June 2018 for 5 years. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2028.
- Motor vehicle The lease agreement is a non-cancellable term of 4 years, which commenced in February 2020.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 19 Lease liabilities (*continued*)

a) Current lease liabilities	2021	2020
	\$	\$
Property lease liabilities	50,161	66,206
Unexpired interest	(9,155)	(4,853)
	<u>41,006</u>	<u>61,353</u>
Motor vehicle lease liabilities	6,757	6,757
Unexpired interest	(569)	(820)
	<u>6,188</u>	<u>5,937</u>
	<u>47,194</u>	<u>67,290</u>
b) Non-current lease liabilities		
Property lease liabilities	253,049	114,322
Unexpired interest	(19,315)	(9,088)
	<u>233,734</u>	<u>105,234</u>
Motor vehicle lease liabilities	10,699	17,457
Unexpired interest	(361)	(931)
	<u>10,338</u>	<u>16,526</u>
	<u>244,072</u>	<u>121,760</u>
c) Reconciliation of lease liabilities		
Balance at the beginning	189,050	-
Initial recognition on AASB 16 transition	-	229,490
Additional lease liabilities recognised	-	24,759
Remeasurement adjustments	173,587	(3,899)
Lease interest expense	5,878	7,446
Lease payments - total cash outflow	(77,249)	(68,746)
	<u>291,266</u>	<u>189,050</u>
The remeasurement adjustment was due to the Bussleton lease extended for an additional 4 years and 4 months.		
d) Maturity analysis	2021	2020
	\$	\$
- Not later than 12 months	56,918	72,963
- Between 12 months and 5 years	242,676	99,713
- Greater than 5 years	21,072	32,066
Total undiscounted lease payments	<u>320,666</u>	<u>204,742</u>
Unexpired interest	(29,400)	(15,692)
Present value of lease liabilities	<u>291,266</u>	<u>189,050</u>

Geographie Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 20 Provisions

a) Non-current liabilities

	2021 \$	2020 \$
Make-good on leased premises	9,511	10,526

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

Lease	Lease term expiry date per AASB 16	Estimated provision
Busselton Branch	March 2026	\$10,000
Dunsborough Branch	May 2028	\$1,440

Note 21 Employee benefits

a) Current liabilities

	2021 \$	2020 \$
Provision for annual leave	15,714	21,400
Provision for long service leave	6,940	13,434
	22,654	34,834

b) Non-current liabilities

Provision for long service leave	5,529	6,201
----------------------------------	-------	-------

c) Key judgement and assumptions

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

Note 22 Issued capital

a) Issued capital

	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,585,609	1,585,609	1,585,609	1,585,609
Redeemable preference shares - fully paid	300,000	300,000	300,000	300,000
Less: equity raising costs	-	(48,452)	-	(48,452)
	1,885,609	1,837,157	1,885,609	1,837,157

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.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 22 Issued capital (*continued*)

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

Ordinary shares (continued)

Voting rights (continued)

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

Dividends

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

Transfer

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

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

Preference shares

Voting rights

A preference share does not entitle the holder to vote on any resolutions proposed at a general meeting of the holders of ordinary shares in the capital of the company except in the following circumstances:

- (i) if at the time of the commencement of the meeting a dividend, or part of a dividend, on the preference shares is in arrears;
- (ii) on a proposal to reduce the company's share capital;
- (iii) on a resolution to approve the terms of a buy-back agreement;
- (iv) on a proposal that affects rights attaching to a preference share;
- (v) on a proposal to wind up the company;
- (vi) on a proposal for the disposal of the whole of the company's property, business and undertaking; or
- (vii) during the winding up of a company.

A preference share does entitle the holder to vote on any resolutions proposed at a meeting of preference shareholders only on the basis of one vote per preference share.

Dividends

A preference share has full dividend rights, identical to those of ordinary shares, and except on a winding up of the company such dividend rights will not be in priority to but will be equal to the rights of holders of ordinary shares.

Transfer

Preference shares are non-transferrable or saleable except with the prior written approval of the board of directors of the company and the holder must not sell or transfer interest in, or grants options over, the preference shares except with the prior written approval of the directors.

Rights on winding up

Upon winding up of the company, each preference share confers upon its holder the right to payment in cash, from any surplus assets or profits of the company, of the capital then paid up on that preference share, and any dividends or income due to it in connection with that preference share in priority to any other class of shares in the company, but otherwise has no right to participate in the surplus profits or assets of the company.

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 22 Issued capital (*continued*)

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 303. As at the date of this report, the company had 336 shareholders (2020: 336 shareholders).

In respect to the 10% limit, the company constitution was amended following the successful completion of the debt for equity swap. The amendment states a person other than Bendigo Bank must not have a prohibited shareholding interest.

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 23 Accumulated losses

	2021 \$	2020 \$
Balance at beginning of reporting period	(1,718,119)	(1,775,319)
Net profit (loss) after tax from ordinary activities	(6,077)	57,200
Dividends provided for or paid	(19,027)	-
Balance at end of reporting period	<u>(1,743,223)</u>	<u>(1,718,119)</u>

Note 24 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit (loss) after tax from ordinary activities	(6,077)	57,200
Adjustments for:		
- Depreciation	103,544	98,043
- Amortisation	24,001	28,768

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 24 Reconciliation of cash flows from operating activities (*continued*)

	2021 \$	2020 \$
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	38,627	(36,724)
- (Increase)/decrease in other assets	19,351	50,717
- Increase/(decrease) in trade and other payables	11,590	(9,597)
- Increase/(decrease) in employee benefits	(12,852)	(11,398)
- Increase/(decrease) in provisions	374	361
Net cash flows provided by operating activities	<u>178,558</u>	<u>177,370</u>

Note 25 Financial instruments

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

	Note	2021 \$	2020 \$
Financial assets			
Trade and other receivables	12	<u>76,845</u>	<u>116,309</u>
Financial liabilities			
Trade and other payables	17	53,754	70,931
Bank overdrafts	18	573,405	620,912
Funds held in trust	18	467	625
Lease liabilities	19	291,266	189,050
		<u>918,892</u>	<u>881,518</u>

Note 26 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	6,000	5,900
<i>Non audit services</i>		
- Taxation advice and tax compliance services	600	600
- General advisory services	4,100	7,240
- Share registry services	-	1,900
Total auditor's remuneration	<u>10,700</u>	<u>15,640</u>

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 27 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Joshua Jonathon Hardy
 Warwick William Howard
 Claire Louise Spalding
 Rebecca Cunningham
 David Markovich
 Ashton Holly Warrick
 Simona Hughes
 Jessica Claire O'Malley
 Glyn Yates

b) Key management personnel compensation

No other 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

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2021 \$	2020 \$
<i>Transactions with related parties</i>		
- Ashton Holly Warrick is a shareholder of ORGsight Pty Ltd who provided leadership coaching to the Branch Manager and Assistant Branch Manager Positions.	2,970	350

Note 28 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Unfranked dividend	1.20	19,027	-	-

Geographe Bay Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 29 Earnings per share

a) Basic earnings per share

The calculation of basic 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/(loss) attributable to ordinary shareholders	(6,077)	57,200
	Number	Number
Weighted-average number of ordinary shares	1,885,609	1,885,609
	Cents	Cents
Basic earnings/(loss) per share	(0.32)	3.03

Note 30 Commitments

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

Note 31 Contingencies

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

Note 32 Subsequent events

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

Geographe Bay Community Enterprises Limited

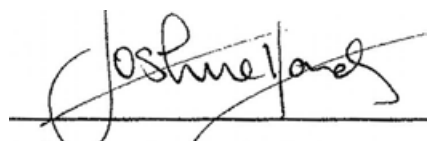
Directors' Declaration

In accordance with a resolution of the directors of Geographe Bay 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.



Joshua Jonathon Hardy, Chair

Dated this 13th day of September 2021

Independent auditor's report to the Directors of Geographe Bay Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Geographe Bay 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 Geographe Bay 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.

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: 13 September 2021



Joshua Griffin
Lead Auditor

This page has been left blank intentionally.

This page has been left blank intentionally.

This page has been left blank intentionally.

Community Bank · Busselton

54/50 Queen Street,

Busselton WA 6280

Phone: (08) 9754 4388 Fax: (08) 9754 4622

Email: busseltonmailbox@bendigoadelaide.com.au

Web: bendigobank.com.au/busselton

Bendigo Bank · Dunsborough

Shop 27C Dunsborough Centrepont Shopping Centre, 55 Dunn Bay Road,
Dunsborough WA 6281

Phone: (08) 9759 1699 Fax: (08) 9759 1622

Email: dunsboroughmailbox@bendigoadelaide.com.au

Web: bendigobank.com.au/dunsborough

Franchisee: Geographe Bay Community Enterprises Limited

ABN: 40 146 993 982

54/50 Queen Street

Busselton WA 6280

Share Registry:

Automic Group

Level 2/267 St Georges Terrace

Perth WA 6000

Phone: 1300 288 664



/BusseltonDunsboroughCommunityBankBranches



/communitybankbussodunsborough

This Annual Report has been printed on 100% Recycled Paper

