2021 Annual Report

Goodwood/Highgate Community Financial Services Ltd

ABN 54 112 676 294

Community Bank · Goodwood

Contents

Chairman's report

For year ending 30 June 2021

I am pleased to present the financial year 2020/21 report for the Goodwood/Highgate Community Financial Services Ltd to its shareholders, after what was quite a challenging year for all.

Financial year 2020/21 continued on from its predecessor by presenting unique challenges for individuals, families, businesses and our communities brought about by COVID-19 restrictions. Again the banking industry was far from unaffected, and Community Bank Goodwood saw the impact of tight margins. However despite these challenges, I am delighted to advise that the company returned a profit of $33,188 slightly ahead of budget.

Whilst total gross income was 1.8% below budget, driven by a reduction on margins, our excellent growth in loan footings over the year reduced the impact that others in the industry saw. It is also important to note that the revenue itself was up month on month on the previous five financial years. The Board also managed expenses tightly, particularly around general administration costs, to ensure the hard work of the branch staff resulted in a profit and so we could maintain our commitment in sponsorships on the previous year.

The increase in loan footings by 25%, are a reflection on the hard work and dedication of Branch Manager, Shane Chamings and his team. Shane has fostered the relationships already established with our community so that they are truly partnerships, as well as creating new leads and relationships.

Our community contributions were maintained at a similar level to the previous year, and your Community Bank donated $32,328 to support our local community. Our ongoing support of local sporting clubs, including Goodwood Saints Football Club, Goodwood Cricket Club, Colonel Light Gardens Football Club and the Millswood Bowling Club, was gratefully received. We are particularly proud of our major sponsorship of the Goodwood Saints Football Club Healthy Minds Initiative.

This year the Board has been rolling out the 2020-2024 Strategic Plan with a focus on the four key strategic pillars:

- Embrace digital change
- Agile and efficiency in an ever-changing environment and building team capabilities
- Increase customer numbers, branch footings and diversity
- Increase engagement with shareholders and community.

With a strong house market, the easing of COVID-19 restrictions across the country, and the continued hard work of the volunteer Board members and our branch staff, I am confident financial year 2021/22 and beyond will continue to be a success.

Danielle Arnfield
Chair

Manager's report

For year ending 30 June 2021

I'm delighted to prepare the Goodwood/Highgate Community Financial Services Ltd 2020/21 Manager's report.

I commenced in the position of Branch Manager in October 2019 and something that has continued to resonate with me as I put another 12 months under my belt is the strong sense of community, both in the support provided by the Community Bank Goodwood to the local community, sporting clubs, associations and not-for-profits, but also the wider Goodwood precinct which is in itself a 'community'. Having grown up in a small country town in the Mid North and having spent over three years down in the South East of SA, as well as eighteen months in the resort township of Yulara in the centre of Australia's outback in the NT, I relish developing the relationships that can be built in these communities.

We have continued to work our way through the Global Pandemic, managing the ever changing landscape of restrictions, lockdowns, changing policies and regulations within the banking sector. The team has also had to shoulder extra workload due to unavoidable staff shortages. We introduced our New Customer Relationship Manager who has hit the ground running and with over three and a half years experience within the Bendigo Bank Corporate branch network, her transition into our Community Bank has been exceptional. We also seconded a Customer Service Officer, who has also brought with her a sense of fresh perspective. Both have been welcomed and fit into the existing team extremely well, forming strong working relationships with the staff as well as our customers.

Through this challenging year we continued and strengthened our relationships with the clubs that we are associated with both financially and actively. We partnered with the Goodwood Saints Football Club and their Healthy Minds Project, putting much needed funds into different areas of support around Mental Health in and outside of the Club. We partnered and supported the year before with the club and the Breakthrough Mental Health Research Foundation, an organisation at the forefront of Mental Health Research. We did this because of the incredible importance of the focus in this area given the current state of the Pandemic and Lockdowns and the effect on the wider community. This financial year saw us inject over $35,000 back into our local community across various sponsorships and grants. I was also elected Chairperson of the Goodwood Road Traders Association. Through this association I have been able to broaden my network and connection to the businesses and business owners of the Goodwood precinct, which has increased the number of businesses utilising our services.

Financially we've performed very well, even with all that the pandemic threw our way with increased restrictions in the lending space and decreasing margin income with Interest rates at the lowest we've ever seen them, we produced a Profit for the 2020/21 financial year of $33,188, with a growth in the overall Portfolio of over $8 million from the previous year.

I look forward to the new financial year with excitement, a chance to solidify our branch staff team and collectively work towards our combined goals, to increase our overall business growth through exemplary customer focus and service.

In conclusion, I would like to thank each and every person who has supported our Community Bank and invite others in the local community to come in and share our unique banking experience. In the ever-changing face of banking we are here for you.

Shane Chamings
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2021

On behalf of Bendigo and Adelaide Bank, thank you! As a shareholder of your local Community Bank company, you are playing an important role in supporting your community.

It has been a tumultuous year for every community across Australia, and across the world. For our business, recognition that banking is an essential service has meant that we've kept the doors open, albeit with conditions that none of us could ever imagine having to work with.

Face masks, perspex screens, signed documents to cross state borders, checking in customers with QR codes and ensuring hand sanitiser stations are filled aren't what you would expect as a bank employee.

Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

So, what does that mean for Bendigo Bank and the Community Bank that you are invested in both as a shareholder, and a customer?

What we're seeing is that your Community Bank is still as important, if not more so, than when you first invested as a shareholder. If the pandemic has taught us anything, it has taught us the importance of place, of our local community, our local economy, our community-based organisations, the importance of social connection and the importance of your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each another and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.

Collin Brady
Head of Community Development

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:

Danielle Arnfield
Chairperson
Occupation: Lawyer
Qualifications, experience and expertise: Danielle is an experienced in-house legal counsel with over 10 years' experience. She has worked in various industries over her career and is currently the Senior Legal Counsel at global wine company, Accolade Wines. She has also had significant experience in developing and rolling out strategies; as well as experience in internal communications and corporate social responsibility and procurement. She has previously sat on the national board for the Association of Corporate Counsel and was President of the SA Division. She holds a Bachelor of Laws and Legal Practice from Flinders University and an MBA from Adelaide University as well as having completed various leadership courses.
Special responsibilities: Chairperson, Shareholder and Customer Engagement Committee and HR Committee
Interest in shares: 500 ordinary shares

Giuliano Vito Rech
Non-executive director
Occupation: Director
Qualifications, experience and expertise: Giuliano is the recently retired Managing Director of Electronic Corporation Pty Ltd., a company which provided electronics and IT equipment repair services through various trading entities, including the South Australian icon television repair company Telefix. Giuliano has board experience in the Banking and Financial Services industry. Giuliano has a Master of Business Administration, is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Managers and Leaders, a Senior Member of the Australian Computer Society. Giuliano is also a director of the Commercial Representatives and Agents of Australia Ltd.
Special responsibilities: Deputy Chair
Interest in shares: 400 ordinary shares

Anthony Michael Keenan
Non-executive director
Occupation: Executive Officer
Qualifications, experience and expertise: Holds B.A.; Dip. Ed.; B.Ed.;M. Ed.; Workplace Trainer IV (cat.2); Certificate Director (UCLA); Grad. Certificate Public Relations; GIA.(cert). Executive Officer- Club One (SA) Ltd (2006-present); Mayor Unley 1991-2006:Unley Councillor 1982-1991. Chairperson for Goodwood Community Services (1981-2011:2015-present). Centenary Medal; Paul Harris Fellow.
Special responsibilities: Deputy Chair
Interest in shares: 600 ordinary shares

Susan Patricia Straschko
Non-executive director
Occupation: Retail Manager & Co-owner of Highgate Pharmacy
Qualifications, experience and expertise: Susan has owned and operated a community pharmacy that specialises in supplying medication to 10 aged care facilities. Susan is Chairperson of the Fullarton Road South Trader's Association Inc. and a member of the Unley Business and Economic Development Committee.
Special responsibilities: Member of Marketing Committee
Interest in shares: 10,001 ordinary shares

Directors *(continued)*

Diana Anthea Swanson
Non-executive director
Occupation: Sales and Marketing Manager
Qualifications, experience and expertise: Diana is currently Sales and Marketing Manager with South Australian company Tucker's Natural, which she joined in May 2017. This Artisan Cracker and Snack company produces and supplies retail and wholesale customers internationally, nationally and locally. She has also worked as Development and Communications Manager at the Cora Barclay Centre for deaf children and for over 6 years prior to this held the position of Manager- Marketing and Fundraising, Print Alternatives and Information Technology at the Royal Society for the Blind (RSB). Diana has run her own business, as well as held Senior Marketing roles with global companies such as Pernod Ricard and McDonald's. Diana honed her brand marketing and sales skills during her early career with organization's such as National Foods, Southcorp, BRL Hardy and Detmold Packaging. Diana holds a Bachelor of Arts Degree from Flinders University, Adelaide. Further study has included the Executive Management Development Program at the University of Adelaide and Macquarie School of Management NSW, HEC Management Programmes Pour Dirigeants, Paris and International McDonald's Marketing, Chicago University. Diana has also completed a Diploma in Financial Planning.
Special responsibilities: Chair of Customer, Growth and Engagement Sub-Committee
Interest in shares: 400 ordinary shares

Heather Annie Brown
Non-executive director
Occupation: Retired
Qualifications, experience and expertise: Heather has a Diploma of Management and a Bachelor of Arts (Major Literature, Politics, Indigenous Knowledge). Honours English Charles Darwin University currently. She has been a Senior Team Leader for the Red Cross Disaster Response Team since 2000, and was a Local Councillor for the Unley City Council 1990-2001. Heather is a board member of Goodwood Community Services Inc. and a community volunteer for Goodwood Primary School, Capri Theatre and is Secretary/Treasurer for Goodwood Road Business Association. Her work background includes roles as an Assistant Accountant for Michell Wool Brokers, British Aerospace, Business SA and Senior Team Leader for the Commonwealth Government of a team of 15-20 staff until retirement in 2012. She has expertise in workplace health and safety, human resources, policies and procedures, customer services, accounting, secretarial services and working with the aged and disabled. Heather is President of the Disability Volleyball (SA) Inc. both State and National, promoting and establishing sport for the disabled.
Special responsibilities: Nil
Interest in shares: 900 ordinary shares

Megan Bridget Lowe
Non-executive director
Occupation: Lawyer
Qualifications, experience and expertise: Megan is a lawyer who works in restructuring and insolvency at Gilbert + Tobin (July 2020 to present). Previously, she worked in litigation at Kain Lawyers (2018 to 2020) and as an associate at the Supreme Court of South Australia (2016 to 2018). Megan completed her Bachelor of Laws (Honours) and Bachelor of Arts at the University of Adelaide (2011 to 2015). Megan has also occupied various volunteer positions in the local and greater community, including mock trials coach at Walford Anglican School for Girls (2017 to 2019) and President of the Adelaide University Law Students Society (2015).
Special responsibilities: Lease/Relocation Committee, employment committee; Digital, Agile & Efficiency Committee
Interest in shares: 500 ordinary shares

Directors *(continued)*

Wayne Andrew Skipper
Non-executive director
Occupation: Accountant / Auditor
Qualifications, experience and expertise: Wayne is an accounting and auditing professional with over 20 years experience primarily in the public sector and currently serves as an Executive for the ATO's Tax Avoidance Taskforce with a focus on the public groups and international taxation. Prior to this, Wayne has held senior leadership positions and has shaped taxation law, policy and administration primarily in his focus areas concerning the taxation of finance and the impact on the small and medium enterprise market. In his career Wayne has wide ranging experience in audits, advice & guidance, settlement negotiations, technical training and in leading teams. Wayne has completed a Bachelor Degree in Banking and International Finance, a post-graduate Bachelor Degree in Accounting (both from Finders University) and a Masters Degree in Taxation from the University of New South Wales. Wayne is currently pursuing his Masters Degree in Theological Studies with a view to one day pursue doctoral studies. In the local community Wayne has been actively involved as a volunteer coach for district basketball and also with church activities.
Special responsibilities: Nil
Interest in shares: 500 ordinary shares

Jason Robert Dowling
Non-executive director (appointed 25 May 2021)
Occupation: Sales Manager
Qualifications, experience and expertise: Jason is currently the South Australian and Northern Territory Sales Manager for Crown Equipment and has over 20 years' experience in sales across multiple industries including positions with Coca Cola Amatil and Detmold Packaging. Jason is currently completing a Masters in Business Administration at Adelaide University and holds a Graduate Certificate and an Associate Diploma in Management along with a number of sales and leadership qualifications. He is now an active member of the Unley council area and Surf Life Saving Australia.
Special responsibilities:
Interest in shares: nil share interest held

Andrea Johansen
Non-executive director (resigned 29 July 2020)
Occupation: Senior Manager Consumer Banking
Qualifications, experience and expertise: Andrea is a Senior Manager of Consumer Banking at Bendigo and Adelaide Bank with 10 years of experience in banking and finance. She is a member of the Change Connect Committee. Andrea is currently completing her Masters in Business Administration at UniSA has completed a Bachelor of Arts (Journalism) and a Graduate Diploma of International studies at UniSA.
Special responsibilities: Nil
Interest in shares: nil share interest held

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

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

Company Secretary

The company secretary is Diana Jukes. Diana was appointed to the position of secretary on 22 November 2012.

Qualifications, experience and expertise: Before retiring Diana worked as the Financial Manager for the local farmers market and has lived in Goodwood for over 25 years. She holds a Bachelor of Economics from The University of Adelaide.

Principal activity

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

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

Operating results

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

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
	33,188	95,716

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Danielle Arnfield	500	-	500
Giuliano Vito Rech	400	-	400
Anthony Michael Keenan	600	-	600
Susan Patricia Straschko	10,001	-	10,001
Diana Anthea Swanson	400	-	400
Heather Annie Brown	900	-	900
Megan Bridget Lowe	500	-	500
Wayne Andrew Skipper	500	-	500
Jason Robert Dowling	-	-	-
Andrea Johansen	-	-	-

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	2.00	16,356

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

E - eligible to attend *A - number attended*	Board Meetings Attended	
	E	*A*
Danielle Arnfield	12	11
Giuliano Vito Rech	12	10
Anthony Michael Keenan	12	11
Susan Patricia Straschko	12	11
Diana Anthea Swanson	12	10
Heather Annie Brown	12	12
Megan Bridget Lowe	12	9
Wayne Andrew Skipper	12	11
Jason Robert Dowling	2	1
Andrea Johansen	1	-

Proceedings on behalf of the company

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

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

Non audit services

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

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the directors at Goodwood, South Australia.

Danielle Arnfield, Chairperson

Dated this 15th day of August 2021

Auditor's independence declaration

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Goodwood/Highgate Community Financial Services Limited

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

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

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

Adrian Downing
Lead Auditor

afsbendigo.com.au

Financial statements

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

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	545,367	528,598
Other revenue	9	45,931	66,178
Finance income	10	2,813	6,389
Employee benefit expenses	11c)	(365,430)	(301,529)
Charitable donations, sponsorship, advertising and promotion		(32,328)	(34,515)
Occupancy and associated costs		(14,034)	(21,812)
Systems costs		(19,643)	(19,450)
Depreciation and amortisation expense	11a)	(48,529)	(43,689)
Finance costs	11b)	(17,374)	(2,616)
General administration expenses		(57,620)	(55,478)
Profit before income tax expense		39,153	122,076
Income tax expense	12a)	(5,965)	(26,360)
Profit after income tax expense		33,188	95,716
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		33,188	95,716
Earnings per share		¢	¢
- Basic and diluted earnings per share:	30a)	4.06	11.70

The accompanying notes form part of these financial statements

Statement of Financial Position

as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	520,671	450,174
Trade and other receivables	14a)	27,716	84,400
Current tax assets	18a)	3,358	-
Total current assets		551,745	534,574
Non-current assets			
Property, plant and equipment	15a)	89,896	94,823
Right-of-use assets	16a)	443,186	473,232
Intangible assets	17a)	51,773	65,329
Deferred tax asset	18b)	17,659	23,625
Total non-current assets		602,514	657,009
Total assets		1,154,259	1,191,583
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	40,200	57,207
Lease liabilities	20a)	24,276	23,432
Employee benefits	22a)	17,826	22,718
Total current liabilities		82,302	103,357
Non-current liabilities			
Trade and other payables	19a)	45,396	60,527
Lease liabilities	20b)	437,473	461,752
Employee benefits	22b)	9,726	3,994
Provisions	21a)	16,624	16,047
Total non-current liabilities		509,219	542,320
Total liabilities		591,521	645,677
Net assets		562,738	545,906
EQUITY			
Issued capital	23a)	802,691	802,691
Accumulated losses	24	(239,953)	(256,785)
Total equity		562,738	545,906

The accompanying notes form part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019		802,691	(336,145)	466,546
Total comprehensive income for the year		-	95,716	95,716
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(16,356)	(16,356)
Balance at 30 June 2020		802,691	(256,785)	545,906
Balance at 1 July 2020		802,691	(256,785)	545,906
Total comprehensive income for the year		-	33,188	33,188
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(16,356)	(16,356)
Balance at 30 June 2021		802,691	(239,953)	562,738

The accompanying notes form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		669,024	659,320
Payments to suppliers and employees		(534,486)	(516,070)
Interest received		2,823	7,468
Lease payments (interest component)	11b)	(16,797)	(1,150)
Lease payments not included in the measurement of lease liabilities	11d)	(6,918)	(3,492)
Income taxes paid		(3,358)	-
Net cash provided by operating activities	25	110,288	146,076
Cash flows from financing activities			
Lease payments (principal component)		(23,435)	(39,080)
Dividends paid	29a)	(16,356)	(16,356)
Net cash used in financing activities		(39,791)	(55,436)
Net cash increase in cash held		70,497	90,640
Cash and cash equivalents at the beginning of the financial year		450,174	359,534
Cash and cash equivalents at the end of the financial year	13a)	520,671	450,174

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2021

Note 1	Reporting entity

This is the financial report for Goodwood/Highgate Community Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
97 Goodwood Road Goodwood SA 5034	97 Goodwood Road Goodwood SA 5034

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 28.

Note 2	Basis of preparation and statement of compliance

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

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

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

Note 3	Changes in accounting policies, standards and interpretations

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

Note 4	Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

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

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

Ability to change financial return

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

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

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

b) Other revenue

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

Revenue	Revenue recognition policy
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 the bank 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.

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

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.

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

d) Employee benefits *(continued)*

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Goods and Services Tax

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

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	40 years
Plant and equipment	Straight-line and diminishing value	2 to 10 years

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

h) Intangible assets

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

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

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

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

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

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

i) Financial instruments

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

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

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income. The company has elected to do this and as such, net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss.

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

i) Financial instruments *(continued)*

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 their contractual obligations are discharged, cancelled, or expire. For equity securities any gain or loss on derecognition is recognised in other comprehensive income. Any gain or loss on other assets and liabilities is recognised through profit or loss.

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

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

m) Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

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

a) Judgements

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

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

b) Assumptions and estimation uncertainties

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

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

Note 6 Financial risk management

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

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

a) Credit risk

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

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

Note 6 Financial risk management *(continued)*

b) Liquidity risk

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

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2021

Non-derivative financial liability	Carrying amount	Contractual cash flows Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	461,749	40,231	160,924	392,252
Trade and other payables	85,596	40,200	45,396	-
	547,345	80,431	206,320	392,252

30 June 2020

Non-derivative financial liability	Carrying amount	Contractual cash flows Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	485,184	40,230	160,926	432,483
Trade and other payables	117,734	57,207	60,527	-
	602,918	97,437	221,453	432,483

c) Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $520,671 at 30 June 2021 (2020: $450,174). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	467,530	450,788
- Fee income	41,971	42,528
- Commission income	35,866	35,282
	545,367	528,598

Note 9 Other revenue

	2021 $	2020 $
- Market development fund income	25,625	35,000
- Cash flow boost	18,706	31,178
- Other income	1,600	-
	45,931	66,178

Note 10 Finance income

	2021 $	2020 $
- Term deposits	2,813	6,389

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

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	3,599	3,599
- Plant and equipment	877	891
- Computer Equipment	451	603
	4,927	5,093
Depreciation of right-of-use assets		
- Leased land and buildings	30,046	25,040
Amortisation of intangible assets:		
- Franchise fee	2,259	2,259
- Franchise renewal process fee	11,297	11,297
	13,556	13,556
Total depreciation and amortisation expense	48,529	43,689

b) Finance costs

	2021 $	2020 $
- Lease interest expense	16,797	1,150
- Unwinding of make-good provision	577	1,466
	17,374	2,616

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	314,086	261,766
Contributions to defined contribution plans	29,734	24,278
Expenses related to long service leave	3,480	3,298
Other expenses	18,130	12,187
	365,430	301,529

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	6,918	3,492

Note 12 Income tax expense

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax expense/(credit)		
- Recoupment of prior year tax losses	7,850	21,793
- Movement in deferred tax	(2,591)	(7,953)
- Adjustment to deferred tax on AASB 16 retrospective application	-	11,157
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	706	1,363
	5,965	26,360

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating profit before taxation	39,153	122,076
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	10,180	33,571
Tax effect of:		
- Non-deductible expenses	359	-
- Temporary differences	2,591	(3,204)
- Other assessable income	(5,280)	(8,574)
- Movement in deferred tax	(2,591)	(7,953)
- Leases initial recognition	-	11,157
- Reduction in company tax rate	706	1,363
	5,965	26,360

Note 13 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	334,373	138,249
- Term deposits	186,298	311,925
	520,671	450,174

Note 14 Trade and other receivables

a) Current assets

	2021 $	2020 $
Trade receivables	19,345	39,974
Prepayments	6,926	11,793
Other receivables and accruals	1,445	32,633
	27,716	84,400

Note 15 Property, plant and equipment

a) Carrying amounts

	2021 $	2020 $
Leasehold improvements		
At cost	143,957	143,957
Less: accumulated depreciation	(56,394)	(52,795)
	87,563	91,162
Plant and equipment		
At cost	107,588	107,588
Less: accumulated depreciation	(106,610)	(105,733)
	978	1,855
Motor vehicles		
At cost	8,000	8,000
Less: accumulated depreciation	(8,000)	(8,000)
	-	-
Computer Equipment		
At cost	3,533	3,533
Less: accumulated depreciation	(2,178)	(1,727)
	1,355	1,806
Total written down amount	89,896	94,823

b) Reconciliation of carrying amounts

Leasehold improvements		
Carrying amount at beginning	91,162	94,761
Depreciation	(3,599)	(3,599)
	87,563	91,162
Plant and equipment		
Carrying amount at beginning	1,855	2,746
Depreciation	(877)	(891)
	978	1,855
Computer Equipment		
Carrying amount at beginning	1,806	2,409
Depreciation	(451)	(603)
	1,355	1,806
Total written down amount	89,896	94,823

c) Changes in estimates

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

Note 16 Right-of-use assets

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	848,831	848,831
Less: accumulated depreciation	(405,645)	(375,599)
Total written down amount	443,186	473,232

b) Reconciliation of carrying amounts

Leased land and buildings		
Initial recognition on transition	473,232	375,599
Accumulated depreciation on adoption	-	(350,559)
Additional right-of-use assets recognised	-	473,232
Depreciation	(30,046)	(25,040)
Total written down amount	443,186	473,232

Note 17 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	93,567	93,567
Less: accumulated amortisation	(84,937)	(82,678)
	8,630	10,889
Franchise renewal process fee		
At cost	167,836	167,836
Less: accumulated amortisation	(124,693)	(113,396)
	43,143	54,440
Total written down amount	51,773	65,329

b) Reconciliation of carrying amounts

Franchise fee		
Carrying amount at beginning	10,889	2,448
Additions	-	10,700
Amortisation	(2,259)	(2,259)
Carrying amount at end	8,630	10,889
Franchise renewal process fee		
Carrying amount at beginning	54,440	12,238
Additions	-	53,499
Amortisation	(11,297)	(11,297)
Carrying amount at end	43,143	54,440
Total written down amount	51,773	65,329

c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods.

There were no changes in estimates for the current reporting period.

Note 18 Tax assets and liabilities

a) Current tax

	2021 $	2020 $
Income tax payable/(refundable)	(3,358)	-

b) Deferred tax

	2021 $	2020 $
Deferred tax assets		
- expense accruals	750	780
- employee provisions	6,888	6,945
- make-good provision	4,156	4,172
- lease liability	115,437	126,148
- carried-forward tax losses	5,805	13,887
Total deferred tax assets	133,036	151,932
Deferred tax liabilities		
- income accruals	361	378
- property, plant and equipment	4,220	4,889
- right-of-use assets	110,796	123,040
Total deferred tax liabilities	115,377	128,307
Net deferred tax assets (liabilities)	17,659	23,625
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(2,591)	(6,259)
Movement in deferred tax charged to Statement of Changes in Equity	-	11,157

Note 19 Trade creditors and other payables

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

a) Current liabilities

	2021 $	2020 $
Trade creditors	3,656	12,212
Other creditors and accruals	36,544	44,995
	40,200	57,207

b) Non-current liabilities

	2021 $	2020 $
Other creditors and accruals	45,396	60,527

Note 20 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 5.39%. Subsequent lease modifications were discounted at 3.54%.

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:

- Branch premises — The lease agreement commenced in July 2005. A 5 year lease extension was negotiated in March 2021. The company has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is March 2036.

a) Current lease liabilities	2021 $	2020 $
Property lease liabilities	40,231	40,230
Unexpired interest	(15,955)	(16,798)
	24,276	23,432

b) Non-current lease liabilities		
Property lease liabilities	553,176	593,409
Unexpired interest	(115,703)	(131,657)
	437,473	461,752

c) Reconciliation of lease liabilities		
Balance at the beginning	485,184	-
Initial recognition on AASB 16 transition	-	39,081
Remeasurement adjustments	-	485,183
Lease interest expense	16,797	1,150
Lease payments - total cash outflow	(40,232)	(40,230)
	461,749	485,184

d) Maturity analysis		
- Not later than 12 months	40,231	40,230
- Between 12 months and 5 years	160,924	160,926
- Greater than 5 years	392,252	432,483
Total undiscounted lease payments	593,407	633,639
Unexpired interest	(131,658)	(148,455)
Present value of lease liabilities	461,749	485,184

Note 21 Provisions

a) Non-current liabilities	2021 $	2020 $
Make-good on leased premises	16,624	16,047

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as at $28,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 March 2036 at which time it is expected the face-value costs to restore the premises will fall due.

Note 22 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	7,420	10,971
Provision for long service leave	10,406	11,747
	17,826	22,718

b) Non-current liabilities

	2021 $	2020 $
Provision for long service leave	9,726	3,994

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 23 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	817,810	817,810	817,810	817,810
Less: equity raising costs	-	(15,119)	-	(15,119)
	817,810	802,691	817,810	802,691

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Note 23 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").

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

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

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

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

Note 24 Accumulated losses

	Note	2021 $	2020 $
Balance at beginning of reporting period		(256,785)	(306,729)
Adjustment for transition to AASB 16		-	(29,416)
Net profit after tax from ordinary activities		33,188	95,716
Dividends provided for or paid	29a)	(16,356)	(16,356)
Balance at end of reporting period		(239,953)	(256,785)

Note 25 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	33,188	95,716
Adjustments for:		
- Depreciation	34,973	30,133
- Amortisation	13,556	13,556
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	56,683	(25,977)
- (Increase)/decrease in other assets	2,608	38,310
- Increase/(decrease) in trade and other payables	(18,381)	7,061
- Increase/(decrease) in employee benefits	840	(26,140)
- Increase/(decrease) in provisions	577	13,417
Net cash flows provided by operating activities	124,044	146,076

Note 26 Financial instruments

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

	Note	2021 $	2020 $
Financial assets			
Cash and cash equivalents	13	334,373	138,249
Term deposits	13	186,298	311,925
Trade and other receivables	14	20,790	72,607
		541,461	522,781
Financial liabilities			
Trade and other payables	19	49,052	72,739
Lease liabilities	20	461,749	485,184
		510,801	557,923

Note 27 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	600	600
- General advisory services	2,880	2,210
- Share registry services	4,420	2,661
Total auditor's remuneration	12,900	10,271

Note 28 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Danielle Arnfield
Giuliano Vito Rech
Anthony Michael Keenan
Susan Patricia Straschko
Diana Anthea Swanson
Heather Annie Brown
Megan Bridget Lowe
Wayne Andrew Skipper
Andrea Johansen

b) Key management personnel compensation

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

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

c) Related party transactions

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

Note 29 Dividends provided for or paid

a) Dividends 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	2.00	16,356	2.00	16,356

Note 30 Earnings per share

a) Basic and diluted earnings per share

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

	2021	2020
	$	$
Profit attributable to ordinary shareholders	33,188	95,716
	Number	Number
Weighted-average number of ordinary shares	817,810	817,810
	Cents	Cents
Basic and diluted earnings per share	4.06	11.70

Note 31 Commitments

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

Note 32 Contingencies

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

Note 33 Subsequent events

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

Directors' declaration

In accordance with a resolution of the directors of Goodwood/Highgate Community Financial Services Limited, we state that:

In the opinion of the directors:

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

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

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

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

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

Danielle Arnfield, Chairperson

Dated this 15th day of August 2021

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03 5443 0344

Independent auditor's report to the Directors of Goodwood/Highgate Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Goodwood/Highgate Community Financial Services Limited's (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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

AFS
Partners in success
Chartered Accountants

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Adrian Downing
Lead Auditor

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