# Annual Report 2021

Grampians Regional Community Enterprises Limited


Community Bank Dunkeld & District

ABN 29 139 414 234

# Annual Reports

# Chairman's Report

## For year ending 30 June 2021

**Providing Certainty in Uncertain Times**

Another year of significant social change and upheaval. The Covid 19 pandemic continued to impact every aspect of our lives, whilst the relentless innovation and change to digitisation in every aspect of day to day life continues – whatever the question is, the answer is "on line".

Despite all this change and upheaval, we have seen continued growth in our face to face banking service, due to the outstanding service from our branch team, and the resulting positive "customer advocacy", or word of mouth recommendations.

This level of service and diligence was recognised by the branch winning Regional **Branch of the Year** for the 2nd year in a row for 2020.

This outstanding result is a credit to Anna's leadership as Branch Manager, and to the dedication of our staff Susan Tully, Louise Field, Carly Behncke and Robyn Lang, who joined the Branch in January this year.

**Customers, Shareholders and Community**

We continue to see growth of our business – both in terms of the number of customers and the amount of banking - based on the solid values of quality customer service, competitive and relevant banking products and loyalty to the Community Banking Model.

The business generated a profit of **$170,133** in addition to providing **$36,475 in Community Sponsorships**.

As this Annual Report goes to print GRCE Ltd has provided in excess of **$299,000** to Community projects in the region since 2010. Funding has been provided to a wide variety of regional clubs, activities and projects.

Community Bank Sponsorships provide the "Seed Capital" to drive Community vibrancy and opportunity.
In simple terms, the more people who bank with us, the more we can invest in the Dunkeld, Penshurst and Cavendish Communities.

**Shareholder Dividend**

The Board of GRCE Ltd is proud to announce our fourth shareholder dividend of 6c per share. It is very pleasing to be able to continue to deliver on the dual aims of our initial Prospectus to provide ***"significant social and economic benefit to our region, as well as the prospect of positive returns for shareholders"***.

Please note that with this years' dividend there is an option to donate to the Community Sponsorship fund. There is no compulsion to do this however it is an option if shareholders wish to. If individual shareholders would like to discuss this, please contact the branch or one of our Director's for further information

**Rural Bank**

The integration of Rural Bank and Bendigo Bank provides a great opportunity for farming customers to have a local banking point of contact. The trend for reduction in face to face banking service in favour of call centre's by other major Banks' continues - If you would like to see a person, rather than ring a call centre, make an appointment to see Anna Watson or Fiona Whale about your Farm Banking requirements.

# Chairman's Report (continued)

### Bendigo Bank Partnership

Thanks from the Board for the support from our Regional Manager Jason Chuck. Jason, as a previous Community Bank Manager, has great insight into the Community Banking Model and has brought new enthusiasm and energy to the role.

### GRCE Ltd. Board

At last year's AGM we farewelled David McLeod from the Board. David joined the Board in 2012 and brought significant energy and enthusiasm for the role. David is a great advocate for the Community Bank Model and we thank him for his efforts and wish him and Mary all the best for their future endeavours.

Thanks to all Directors who have volunteered their time and energy, contributing to the success of the last 12 months, and we look forward to a greater 2021/2022 result.

**Craig Oliver**
**Chairman**

# Manager’s Report

## For year ending 30 June 2021

It is with pleasure that I submit my annual report to the Board and shareholders for the 2020/21 financial year.

I would like to thank my staff, their commitment and passion to our branch, the Bank and our community is remarkable. We welcomed Robyn Lang to the team in January 2021, it is wonderful that our business has grown so much that we need another staff member. Susan Tully, Louise Field & Carly Behncke have yet again done an amazing job all year. Due to COVID we did not have awards for branches in 2020 but had a virtual Conference in 2021 to cover both years. We were again awarded winners of “Branch of the Year – Regional Victoria & Tasmania” for 2019/2020 & featured in the top 5 for 2020/2021. Back-to-Back & then almost again is a massive achievement and I am so proud of our team.

Thanks to our customers, our Board of Directors, and our shareholders for their ongoing support. I would also like to thank our Bendigo and Adelaide Bank representatives, especially our Regional Manager Jason Chuck for his on-going support this year. We have worked well together & I look forward to continuing this into the future. We truly have a close working relationship with the Bendigo Bank head office, state office and regional support staff.

It is almost too good to be true, but we had another amazing result this year with our business “footings” (loans and deposits) increasing by $20.3 million to $117.7 million, as at 30 June 2021, even better result than last year’s $14 million growth.

At 30 June 2021 we had 1,302 customers, with 2,324 accounts, an increase of 3.00 percent and 6.61 percent respectively from the previous year.

Dunkeld & District Community Bank Branch has contributed $283,111 to the local community as at 30 June 2021. To date, more than $250 million in profits from Community Bank partnerships have been reinvested in Australian communities since 1998 via Bendigo Bank’s Community Bank network.

I ask for our shareholders help in bringing new business to the branch, either your own, your acquaintances or with an introduction to community groups you are involved in. Your help is invaluable to growing our business and with every new customer and account opening, that’s more funds that are available to be paid in community contributions and in dividends.

Banking is an everyday function for every single person in the community.

The difference with the Community Bank model is that every time people bank with their local Community Bank branch, the bottom line increases and as such, community contributions and dividends increase as well.

We celebrated our 10-year anniversary in February 2021 – which is a great milestone & unbelievable how fast it has gone since we opened the doors. Unfortunately, we couldn’t have a big celebration but look forward to the next 10 years and wonder what more we can achieve.

Regards

**Anna Watson**
**Branch Manager**
**Dunkeld & District Community Bank® Branch**

# BEN Message

## 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 or 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 other 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**

# Dividend payment history

| Dividend to shareholders | | | |
|---|---|---|---|
| **Financial Year** | **Amount Per Share** | **Franking Level** | **Date Paid** |
| 2017 / 2018 | $0.03 | Unfranked | 1 December 2018 |
| 2018 / 2019 | $0.04 | Unfranked | 2 December 2019 |
| 2019 / 2020 | $ 0.05 | Unfranked | 1 December 2020 |
| 2020/2021 | $ 0.06 | Fully Franked | 1 December 2021 |

# Community Investment Report

## For year ending 30 June 2021

**Community Investment Program**

Grampians Regional Community Enterprise Pty Ltd ( GRCEL ) operates Dunkeld & District Community Bank branch and is proud to invest in our communities through the Community Investment Program. Our main aim of the Community Investment Program is to influence positive change in the community.

During 2020-21 we invested **$36,475** in community building activities. Since opening the Dunkeld & District Community Bank in 2011, we've invested **$283,111 to 30th June 2021** directly into the Dunkeld, Penshurst, Cavendish, Hamilton and other communities. This is only possible thanks to the customers of the Dunkeld & District Community Bank. Growing our customer base enables this unique banking model to thrive and prosper, thereby allowing us to continue to invest in the community.

This last financial year many organisations have had their plans disrupted as the Coronavirus and its implications has changed our lives. This has meant that many events have been postponed and then cancelled, because of the longer than anticipated recovery. We look forward to reigniting community action in the coming year as public health directions ease.

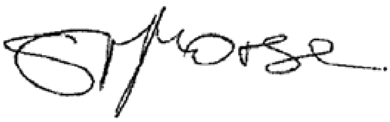
We are proud to have supported the following Community groups and activities over the year:

| Community Group | $ | Purpose |
|---|---|---|
| Birches WDHS | $5,000 | Bus. Year 3 of 3 year sponsorship |
| Branxholme Wallacedale School | $240 | Community Newsletter donation |
| Cavendish & District Tennis Association | $500 | Tennis Trophies |
| Dunkeld & District Lions Club | $200 | Charity Golf Day |
| Dunkeld Bowling Club Inc | $1,300 | New Scoreboards |
| Dunkeld Consolidated Primary School | $240 | Community Newsletter donation |
| Dunkeld Museum Inc | $577 | Consumables for archive restoration |
| Glenelg & Southern Grampians Local Learning & Employment Network | $1,000 | Youth Leadership program |

# Community Investment Report (continued)

| Community Group | $ | Purpose |
|---|---|---|
| Glenthompson Art Show | $3,000 | Inaugural art show |
| Glenthompson Dunkeld Football - Netball Club | $3,000 | Annual Sponsorship |
| Glenthompson Newsletter | $240 | Community Newsletter donation |
| Grampians Cricket Club | $1,000 | Annual Sponsorship |
| Hamilton & District Darts Association | $300 | Lake Darts Tournament |
| Mooralla Golf Club | $2,175 | First Aid Training Courses |
| Mt Rouse Fire Brigade | $1,000 | year 5 of 5 year sponsorship |
| Peaks & Trails | $875 | Ads for Festival |
| Penshurst and District Racing Club | $750 | Penshurst Races |
| Penshurst Bowls Club | $150 | Sign and annual sponsorship |
| Penshurst Creative Arts | $500 | Annual Art Show |
| Penshurst Football - Netball Club | $3,088 | Annual Sponsorship & calendar |
| Penshurst Mens Shed | $240 | Community Newsletter donation |
| Penshurst Recreation Reserve | $3,000 | New Mower |
| Stokes Bay Community Hall Inc | $5,000 | Towards rebuild of Hall destroyed in bushfires |
| Three Peaks Festival | $2,000 | Towards purchase of a marquee |
| Volcanic Centre Committee | $1,100 | New Cabinet |

Note 1: Community Investment figures include funds allocated and the value of radio advertising provided.



**Sue Morse**
**Community Investment Co-ordinator**

# Directors' Report

## For year ending 30 June 2021

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

**Directors**

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

**Craig Gordon Oliver**
Non-executive director
Occupation: Farmer

Qualifications, experience and expertise: Craig has an Associate Diploma of Farm Management and a Graduate Diploma of Business Studies (Finance and Management). Living at Dunkeld since 1991 with his wife and children, he worked for several national and multi national agribusiness companies before pursuing a full time farming career. Craig has served on various industry and community committees, and is currently a President of the Pannyabyr Landcare Group, Chairman of the Glenelg Hopkins CMA advisory group, a member of the Dunkeld CFA and the Dunkeld Progress Association.

Special responsibilities: Chair
Interest in shares: 3,400 ordinary shares

**Brendan John Kelly**
Non-executive director
Occupation: Small business director

Qualifications, experience and expertise: Brendan is the managing director of Kellys which is a rural merchandise, fertiliser and hardware business located in both Penshurst & Dunkeld. Brendan established Kellys in Penshurst in 1988, then in Dunkeld in 2005. In recent years Brendan has commenced selling real estate working with Charles Stewart & Co, this is somewhat a family tradition with previous generations being involved in real estate valuations and sales. Brendan is the fourth generation of the Kelly family to live and work in Penshurst and district. Brendan and his wife Liz have three children Brooke, Shannon and Laine. They are active in the local community being involved in the football netball club, race club and Monivae college.

Special responsibilities: Nil
Interest in shares: 10,000 ordinary shares

**Helen Nielsen**
Non-executive director
Occupation: Agriculture, Manager

Qualifications, experience and expertise: Helen has had a life passion for agriculture and the environment and her career and interests have followed that path. Helen has worked with State government in a range of roles delivering agriculture services to Victorian farmers for over 30 years. Her current role is Investment and Planning Manager for Department of Jobs, Precincts and Regions. She holds a Bachelor of Applied Science (Agriculture), Diploma of Business and Diploma of Project Management. Helen enjoys working with youth and spent 12 years as a Guide leader in Hamilton. She is currently a member of the following Community Groups: Pannyabyr Landcare Group and South West Holistic Farmers.

Special responsibilities: Company Secretary
Interest in shares: 100 ordinary shares

**Anthony John Page**
Non-executive director
Occupation: Electrical Contractor

Qualifications, experience and expertise: Anthony has lived in Penshurst all his life. Anthony started his working life as an Electrical Apprentice in 1981 before purchasing his current Electrical Contracting Business & Fuel Station business in 1986. He is married with adult children. Currently the Captain of Penshurst Fire Brigade, member of Penshurst Football Netball Club. Past Penshurst Apex member.

Special responsibilities: Nil
Interest in shares: 5,000 ordinary shares

**Susan Mary Morse**
Non-executive director
Occupation: Retired

Qualifications, experience and expertise: Sue Morse is married to Derek and they have 3 children and 2 grandchildren. Sue grew up and attended Teacher’s College in Adelaide but has lived in Dunkeld for over 40 years. Beginning her working career as a Teacher and finishing as a Real Estate Agent, Sue is now enjoying retirement. Over the years, she has been involved in many community organisations, has held many official positions in the local and district golf associations, and volunteers at the Dunkeld Visitor Information Centre as well as helping run the family business.

Special responsibilities: Nil
Interest in shares: 10,000 ordinary shares

**Jodie Lousie Young**
Non-executive director
Occupation: Nurse, Primary Producer

Qualifications, experience and expertise: Bachelor of Nursing, Marcus Oldham Rural Leadership Program, Cavendish Red Gum Festival committee member. Jodie is from a family farming operation running a commercial Angus herd in Western Victoria. A registered nurse currently employed part time at Casterton, Victoria. Jodie lives with her husband and children at Cavendish running sheep and cattle and plans to improve the liveability and amenities of Cavendish and within our region by becoming a Bendigo Community Bank director. Jodie brings attributes including; different workplace exposure, practical, enjoys challenges and seeking out improvements, community minded, volunteering and gardening.

Special responsibilities: Nil
Interest in shares: nil share interest held

**Sherryn Lesley Jennings**
Non-executive director
Occupation: Accountant

Qualifications, experience and expertise: Sherryn is a Chartered Accountant and brings her financial management and accounting skills along with her knowledge of Dunkeld and district. She is currently working as a Senior Manager of the Business Advisory team at Findex Hamilton and is also Finance Manager of C.I.T.S. Training Australia.

Special responsibilities: Treasurer
Interest in shares: nil share interest held

**Christopher Robert Murphy**
Non-executive director
Occupation: Grazier - Beef cattle producer

Qualifications, experience and expertise: Formerly Chief Financial Officer at Downer Infrastructure. Associate Chartered Accountants Australia and New Zealand (CA ANZ), Fellow Governance Institute of Australia. Over 20 years experience as a Finance and Accounting Executive with public companies. I hope to bring to the Community Bank my skills and experience to ensure its continued success. Current volunteer member of Woodhouse CFA. Former committee member and Treasurer of Hamilton and District Gymnastics Club Inc. Coach Hamilton College U10 boys basketball team. Current member of Western District Better Beef Group.

Special responsibilities: Nil
Interest in shares: 1,000 ordinary shares

**Donald Simon Macgucan**
Non-executive director
Occupation: Farm Management consultant

Qualifications, experience and expertise: Simon has had a career in Farm Management, specifically pigs. He has been the Company CEO and Chair of the Board of a Private Company, where he has been the Director for 28 years and is currently Chair of the farm’s Operations Sub Committee. Simon is the President of the Dunkeld Lions Club, Treasurer of the Grampians Golf Club, Member of the Dunkeld Public Lands Committee and Dunkeld CFA.

Special responsibilities: nil
Interest in shares: nil share interest held

**David Andrew McLeod**
Non-executive director (resigned 4 November 2020)
Occupation: Structural Engineer

Qualifications, experience and expertise: Past Treasurer Woodhouse CFA, Director of Holmes McLeod Consulting Engineers Pty Ltd, Past Chair Monivae College Parents and Friends and 30 years of farming experience.

Special responsibilities: Nil
Interest in shares: 16,000 ordinary shares

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

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

**Company Secretary**

The company secretary is Helen Nielsen. Helen was appointed to the position of secretary on 31 August 2016.

**Principal Activities**

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 $ |
|---|---|
| 170,133 | 107,626 |

**Directors' interests**

| | Fully paid ordinary shares | | |
|---|---|---|---|
| Director name | Balance at start of the year | Changes during the year | Balance at end of the year |
| Craig Gordon Oliver | 3,400 | | 3,400 |
| Brendan John Kelly | 10,000 | - | 10,000 |
| Helen Nielsen | 100 | - | 100 |
| Anthony John Page | 5,000 | - | 5,000 |
| Donald Simon Macgucan | - | - | - |
| Susan Mary Morse | 10,000 | - | 10,000 |
| Jodie Louise Young | - | - | - |
| Sherryn Lesley Jennings | - | - | - |
| Christopher Robert Murphy | 1,000 | - | 1,000 |
| David Andrew McLeod | 15,000 | 1,000 | 16,000 |

**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** | 5.00 | 31,170 |

## 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

Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 6 cents per share, to be paid on 01 December 2021. The financial impact of the dividend, amounting to $37,404, has not been recognised in the financial statements for the financial year ended 30 June 2021, and will be recognised in the subsequent financial statements.

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

## Indemnification and insurance of directors and officers

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

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

**Directors' meetings**

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

| | Board Meetings Attended | |
|---|---|---|
| | **E** | **A** |
| Craig Gordon Oliver | 11 | 10 |
| Brendan John Kelly | 11 | 9 |
| Helen Nielsen | 11 | 11 |
| Anthony John Page | 11 | 8 |
| Donald Simon Macgucan | 11 | 11 |
| Susan Mary Morse | 11 | 10 |
| Jodie Louise Young | 11 | 10 |
| Sherryn Lesley Jennings | 11 | 10 |
| Christopher Robert Murphy | 11 | 9 |
| David Andrew McLeod | 4 | 3 |

E - eligible to attend     A - number attended

COVID-19 lockdown health directions periodically impacted the ability of directors to attend meetings face-to-face.  The Board held meetings via Webex to ensure continuity of oversight and management.

**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 Note 27

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 13.

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

**Craig Gordon Oliver**
**Chair**
Dated this 15th day of September 2021

# Auditor’s Independence Declaration

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of Grampians Regional 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: 15 September 2021

**Joshua Griffin**
**Lead Auditor**

# Financial statements

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

| | Notes | 2021 $ | 2020 $ |
|---|---|---|---|
| Revenue from contracts with customers | 8 | 664,612 | 539,576 |
| Other revenue | 9 | 42,044 | 68,494 |
| Finance income | 10 | 799 | 2,277 |
| Employee benefit expenses | 11c) | (287,576) | (275,276) |
| Charitable donations, sponsorship, advertising and promotion | | (38,148) | (31,534) |
| Occupancy and associated costs | | (8,458) | (6,531) |
| Systems costs | | (33,253) | (31,968) |
| Depreciation and amortisation expense | 11a) | (34,736) | (36,683) |
| Finance costs | 11b) | (10,720) | (11,334) |
| General administration expenses | | (67,838) | (72,201) |
| **Profit before income tax expense** | | **226,726** | **144,820** |
| Income tax expense | 12 | (56,593) | (37,194) |
| **Profit after income tax expense** | | **170,133** | **107,626** |
| **Total comprehensive income for the year attributable to the ordinary shareholders of the company:** | | **170,133** | **107,626** |
| **Earnings per share** | | ¢ | ¢ |
| - Basic and diluted earnings per share: | 29 | 27.29 | 17.26 |

## Statement of Financial Position as at 30 June 2021

| | Notes | 2021 $ | 2020 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 13 | 542,528 | 329,411 |
| Trade and other receivables | 14a) | 60,440 | 58,124 |
| **Total current assets** | | **602,968** | **387,535** |
| **Non-current assets** | | | |
| Property, plant and equipment | 15a) | 23,528 | 30,030 |
| Right-of-use assets | 16a) | 138,117 | 152,529 |
| Intangible assets | 17a) | 59,551 | 8,245 |
| Deferred tax asset | 18b) | 28,187 | 72,581 |
| **Total non-current assets** | | **249,383** | **263,385** |
| **Total assets** | | **852,351** | **650,920** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 19a) | 24,170 | 11,368 |
| Current tax liabilities | 18a) | 12,199 | - |
| Lease liabilities | 20a) | 13,746 | 13,026 |
| Employee benefits | 22a) | 52,451 | 47,671 |
| **Total current liabilities** | | **102,566** | **72,065** |
| **Non-current liabilities** | | | |
| Trade and other payables | 19b) | 43,564 | - |
| Lease liabilities | 20b) | 154,002 | 167,748 |
| Employee benefits | 22b) | 5,937 | 5,083 |
| Provisions | 21a) | 24,727 | 23,432 |
| **Total non-current liabilities** | | **228,230** | **196,263** |
| **Total liabilities** | | **330,796** | **268,328** |
| **Net assets** | | **521,555** | **382,592** |
| **EQUITY** | | | |
| Issued capital | 23 | 612,891 | 612,891 |
| Accumulated losses | 24 | (91,336) | (230,299) |
| **Total equity** | | **521,555** | **382,592** |

## Statement of Changes in Equity
For the year ended 30 June 2021

| | Notes | Issued capital $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| **Balance at 1 July 2019** | | **612,891** | **(312,989)** | **299,902** |
| Total comprehensive income for the year | | - | 107,626 | 107,626 |
| **Transactions with owners in their capacity as owners:** | | | | |
| Dividends provided for or paid | 29 | - | (24,936) | (24,936) |
| **Balance at 30 June 2020** | | **612,891** | **(230,299)** | **382,592** |
| **Balance at 1 July 2020** | | 612,891 | (230,299) | 382,592 |
| Total comprehensive income for the year | | - | 170,133 | 170,133 |
| **Transactions with owners in their capacity as owners:** | | | | |
| Dividends provided for or paid | 29 | - | (31,170) | (31,170) |
| **Balance at 30 June 2021** | | **612,891** | **(91,336)** | **521,555** |

## Statement of Cash Flows
## For the year ended 30 June 2021

| | Notes | 2021 $ | 2020 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 771,762 | 666,475 |
| Payments to suppliers and employees | | (473,964) | (460,178) |
| Interest received | | 799 | 2,277 |
| Lease payments (interest component) | 11b) | (9,425) | (10,107) |
| Lease payments not included in the measurement of lease liabilities | 11c) | (18,068) | (13,855) |
| **Net cash provided by operating activities** | **25** | **271,104** | **184,612** |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (590) | (1,625) |
| Payments for intangible assets | | (13,201) | (12,324) |
| **Net cash used in investing activities** | | **(13,791)** | **(13,949)** |
| **Cash flows from financing activities** | | | |
| Lease payments (principal component) | | (13,026) | (12,344) |
| Dividends paid | 29 | (31,170) | (24,936) |
| **Net cash used in financing activities** | | **(44,196)** | **(37,280)** |
| **Net cash increase in cash held** | | **213,117** | **133,383** |
| Cash and cash equivalents at the beginning of the financial year | | 329,411 | 196,028 |
| **Cash and cash equivalents at the end of the financial year** | | **542,528** | **329,411** |

# Notes to the Financial Statements

## For year ending 30 June 2021

### Note 1. Reporting entity

This is the financial report for Grampians Regional 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 |
|---|---|
| 92 Parker Street | 92 Parker Street |
| Dunkeld, Victoria 3294 | Dunkeld, Victoria 3294 |

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 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.

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

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

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

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

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

*Revenue calculation*

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

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

*Margin*

Margin is arrived at through the following calculation:

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

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

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

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

*Cash flow boost*

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

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

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

**c) Economic dependency - Bendigo Bank**

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

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

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

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

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

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.

**d) Employee benefits**

*Short-term employee benefits*

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

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

*Defined superannuation contribution plans*

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

*Other long-term employee benefits*

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

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

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

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

**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.

**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 the 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 |
|---|---|---|
| Furniture, fixtures and fittings | Straight-line and Diminishing value | 2 to 20 years |
| Motor vehicles | Diminishing value | 4 years |

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

**h) Intangible assets**

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

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

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

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

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

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

**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, lease liabilities, and cash and cash equivalents.

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

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

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

**j) Impairment**

*Non-derivative financial assets*

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

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

*Non-financial assets*

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

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

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

**k) Issued capital**

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

**l) Provisions**

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

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

**m) Leases**

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

*As a lessee*

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

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

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

**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 though 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

| | | Contractual cash flows | | |
|---|---|---|---|---|
| Non-derivative financial liability | Carrying amount | Not later than 12 months | Between 12 months and five years | Greater than five years |
| Lease liabilities | 167,748 | 22,451 | 89,802 | 102,899 |
| Trade and other payables | 67,734 | 24,170 | 43,564 | - |
| | 235,482 | 46,621 | 133,366 | 102,899 |

30 June 2020

| | | Contractual cash flows | | |
|---|---|---|---|---|
| Non-derivative financial liability | Carrying amount | Not later than 12 months | Between 12 months and five years | Greater than five years |
| Lease liabilities | 180,774 | 22,451 | 89,803 | 125,350 |
| Trade and other payables | 11,368 | 11,368 | - | - |
| | 192,142 | 33,819 | 89,803 | 125,350 |

**c) Market risk**

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

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

*Price risk*

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

*Cash flow and fair value interest rate risk*

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings.

The company held cash and cash equivalents of $542,528 at 30 June 2021 (2020: $329,411). 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.

## Note 7. Capital management *(continued)*

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

| *Revenue from contracts with customers* | 2021<br>$ | 2020<br>$ |
|---|---|---|
| - Margin income | 396,725 | 342,198 |
| - Fee income | 33,941 | 33,358 |
| - Commission income | 233,946 | 164,020 |
| | 664,612 | 539,576 |

## Note 9. Other revenue

| *Other revenue* | 2021<br>$ | 2020<br>$ |
|---|---|---|
| - Market development fund income | 25,628 | 35,000 |
| - Cash flow boost | 16,040 | 26,733 |
| - Other income | 376 | 6,761 |
| | 42,044 | 68,494 |

## Note 10. Finance income

| *Finance income* | 2021<br>$ | 2020<br>$ |
|---|---|---|
| - Term deposits | 799 | 2,277 |

## Note 11. Expenses

| a) Depreciation and amortisation expense | 2021 $ | 2020 $ |
|---|---|---|
| *Depreciation of non-current assets:* | | |
| - Furniture and fittings | 1 ,353 | 1 ,063 |
| - Motor vehicles | 5,739 | 7 ,652 |
| | 7,092 | 8,715 |
| *Depreciation of right-of-use assets* | | |
| - Leased land and buildings | 14,412 | 14,412 |
| *Amortisation of intangible assets:* | | |
| - Franchise fee | 2 ,206 | 2 ,259 |
| - Franchise renewal process fee | 11,026 | 11,297 |
| | 13,232 | 13,556 |
| Total depreciation and amortisation expense | 34,736 | 36,683 |

| b) Finance costs | 2021 $ | 2020 $ |
|---|---|---|
| - Lease interest expense | 9,425 | 10,107 |
| - Unwinding of make-good provision | 1 ,295 | 1 ,227 |
| | 10,720 | 11,334 |

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

| c) Employee benefit expenses | 2021 $ | 2020 $ |
|---|---|---|
| Wages and salaries | 244,613 | 238,238 |
| Non-cash benefits | 8,089 | 2,756 |
| Contributions to defined contribution plans | 23,065 | 21,951 |
| Expenses related to long service leave | 4,994 | 5,697 |
| Other expenses | 6,815 | 6 ,634 |
| | 287,576 | 275,276 |

## Note 12. Income tax expense

| a) Amounts recognised in profit or loss | 2021 $ | 2020 $ |
|---|---|---|
| *Current tax expense/(credit)* | | |
| - Current tax | 12,199 | - |
| - Recoupment of prior year tax losses | 45,429 | 36,188 |
| - Movement in deferred tax | (2,162) | (16,486) |
| - Adjustment to deferred tax on AASB 16 retrospective application | - | 13,305 |
| - Reduction in company tax rate | 1,127 | 4,187 |
| | 56,593 | 37,194 |

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2021, the company tax rate will be reduced from 26% to 25%. This change resulted in a loss of $1,127 related to the remeasurement of deferred tax assets and liabilities of the company.

## Note 12. Income tax expense *(continued)*

| b) Prima facie income tax reconciliation | 2021 $ | 2020 $ |
|---|---|---|
| Operating profit before taxation | 226,726 | 144,820 |
| Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%) | 58,949 | 39,826 |
| Tax effect of: | | |
| - Non-deductible expenses | 686 | 533 |
| - Temporary differences | 2,163 | 3,181 |
| - Other assessable income | (4,170) | (7,352) |
| - Movement in deferred tax | (2,162) | (16,486) |
| - Leases initial recognition | - | 13,305 |
| - Under/(over) provision of income tax in the prior year | 1,127 | 4,187 |
| | 56,593 | 37,194 |

## Note 13. Cash and cash equivalents

**a) Cash and cash equivalents**

| | 2021 $ | 2020 $ |
|---|---|---|
| - Cash at bank and on hand | 212,899 | 200,580 |
| - Term deposits | 329,629 | 128,831 |
| | 542,528 | 329,411 |

## Note 14. Trade and other receivables

| a) Current assets | 2021 $ | 2020 $ |
|---|---|---|
| Trade receivables | 55,651 | 49,140 |
| Prepayments | 4,789 | 8,984 |
| | 60,440 | 58,124 |

## Note 15. Property, plant and equipment

| a) Carrying amounts | 2021 $ | 2020 $ |
|---|---|---|
| *Furniture and fittings* | | |
| At cost | 32,099 | 31,509 |
| Less: accumulated depreciation | (25,790) | (24,437) |
| | 6,309 | 7,072 |
| *Motor vehicles* | | |
| At cost | 30,673 | 30,673 |
| Less: accumulated depreciation | (13,454) | (7,715) |
| | 17,219 | 22,958 |
| Total written down amount | 23,528 | 30,030 |

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

| b) Reconciliation of carrying amounts | 2021 $ | 2020 $ |
|---|---|---|
| *Furniture and fittings* | | |
| Carrying amount at beginning | 7,072 | 6,510 |
| Additions | 590 | 1,625 |
| Depreciation | (1,353) | (1,063) |
| | 6,309 | 7,072 |
| *Motor vehicles* | | |
| Carrying amount at beginning | 22,958 | 30,610 |
| Depreciation | (5,739) | (7,652) |
| | 17,219 | 22,958 |
| Total written down amount | 23,528 | 30,030 |

**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 | 288,243 | 288,243 |
| Less: accumulated depreciation | (150,126) | (135,714) |
| Total written down amount | 138,117 | 152,529 |

| b) Reconciliation of carrying amounts | 2021 $ | 2020 $ |
|---|---|---|
| *Leased land and buildings* | | |
| Carrying amount at beginning | 152,529 | - |
| Accumulated depreciation on adoption | - | 288,243 |
| Additional right-of-use assets recognised | - | (121,302) |
| Depreciation | (14,412) | (14,412) |
| Total written down amount | 138,117 | 152,529 |

## Note 17. Intangible assets

| a) Carrying amounts | 2021 $ | 2020 $ |
|---|---|---|
| *Franchise fee* | | |
| At cost | 32,053 | 21,297 |
| Less: accumulated depreciation | (22,128) | (19,922) |
| | 9,925 | 1,375 |

## Note 17. Intangible assets *(continued)*

| **a) Carrying amounts *(continued)*** | **2021 $** | **2020 $** |
|---|---|---|
| *Franchise establishment fee* | | |
| At cost | 100,000 | 100,000 |
| Less: accumulated depreciation | (100,000) | (100,000) |
| | - | - |
| *Franchise renewal process fee* | | |
| At cost | 110,266 | 56,484 |
| Less: accumulated depreciation | (60,640) | (49,614) |
| | 49,626 | 6,870 |
| Total written down amount | 59,551 | 8,245 |

| **b) Reconciliation of carrying amounts** | **2021 $** | **2020 $** |
|---|---|---|
| *Franchise fee* | | |
| Carrying amount at beginning | 1,375 | 3,634 |
| Additions | 10,756 | - |
| Amortisation | (2,206) | (2,259) |
| | 9,925 | 1,375 |
| *Franchise renewal process fee* | | |
| Carrying amount at beginning | 6,870 | 18,167 |
| Additions | 53,782 | - |
| Amortisation | (11,026) | (11,297) |
| | 49,626 | 6,870 |
| Total written down amount | 59,551 | 8,245 |

**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 | 12,199 | - |

## Note 18. Tax assets and liabilities *(continued)*

| b) Deferred tax | 2021 $ | 2020 $ |
|---|---|---|
| *Deferred tax assets* | | |
| - employee provisions | 14,597 | 13,716 |
| - make-good provision | 6,182 | 6,092 |
| - lease liability | 41,937 | 47,001 |
| - carried-forward tax losses | - | 45,429 |
| Total deferred tax assets | 62,716 | 112,238 |
| *Deferred tax liabilities* | | |
| - right-of-use assets | 34,529 | 39,657 |
| Total deferred tax liabilities | 34,529 | 39,657 |
| Net deferred tax assets (liabilities) | 28,187 | 72,581 |
| Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income | 44,394 | 37,194 |
| Movement in deferred tax charged to Statement of Changes in Equity | - | 13,305 |

## 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 $ |
|---|---|---|
| Other creditors and accruals | 24,170 | 11,368 |
| **b) Non-current liabilities** | | |
| Other creditors and accruals | 43,564 | - |

## Note 20. Lease liabilities

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

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

The company's lease portfolio includes:

| | |
|---|---|
| - Dunkeld branch | 'The lease agreement commenced in February 2011. A 5 year renewal option was exercised in February 2021. 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 February 2031. |

## Note 20. Lease liabilities *(continued)*

| a) Current lease liabilities | 2021 $ | 2020 $ |
|---|---|---|
| Property lease liabilities | 22,451 | 22,451 |
| Unexpired interest | (8,705) | (9,425) |
| | 13,746 | 13,026 |

| c) Non-current lease liabilities | | |
|---|---|---|
| Property lease liabilities | 192,701 | 215,153 |
| Unexpired interest | (38,699) | (47,405) |
| | 154,002 | 167,748 |

| c) Reconciliation of lease liabilities | | |
|---|---|---|
| Balance at the beginning | 180,774 | - |
| Initial recognition on AASB 16 transition | - | 193,117 |
| Lease interest expense | 9,425 | 10,107 |
| Lease payments - total cash outflow | (22,451) | (22,450) |
| | 167,748 | 180,774 |

| d) Maturity analysis | | |
|---|---|---|
| - Not later than 12 months | 22,451 | 22,451 |
| - Between 12 months and 5 years | 89,802 | 89,803 |
| - Greater than 5 years | 102,899 | 125,350 |
| Total undiscounted lease payments | 215,152 | 237,604 |
| Unexpired interest | (47,404) | (56,830) |
| Present value of lease liabilities | 167,748 | 180,774 |

## Note 21. Provisions

| a) Non-current liabilities | 2021 $ | 2020 $ |
|---|---|---|
| Make-good on leased premises | 24,727 | 23,432 |

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $41,400 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 January 2031 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 | 24,513 | 23,873 |
| Provision for long service leave | 27,938 | 23,798 |
| | 52,451 | 47,671 |

**b) Non-current liabilities**

| | | |
|---|---|---|
| Provision for long service leave | 5,937 | 5,083 |

**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

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Number | $ | Number | $ |
| Ordinary shares - fully paid | 623,400 | 623,400 | 623,400 | 623,400 |
| Less: equity raising costs | - | (10,509) | - | (10,509) |
| | 623,400 | 612,891 | 623,400 | 612,891 |

**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.

## Note 23. Issued capital *(continued)*

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

Transfer *(continued)*

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

*Prohibited shareholding interest*

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- 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 322. As at the date of this report, the company had 322 shareholders (2020: 326 shareholders).

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

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

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

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

## Note 24. Accumulated losses

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Balance at beginning of reporting period | (230,299) | (277,912) |
| Adjustment for transition to AASB 16 | - | (35,077) |
| Net profit after tax from ordinary activities | 170,133 | 107,626 |
| Dividends provided for or paid | (31,170) | (24,936) |
| Balance at end of reporting period | (91,336) | (230,299) |

## Note 25. Reconciliation of cash flows from operating activities

| | 2021 $ | 2020 $ |
|---|---|---|
| Net profit after tax from ordinary activities | 170,133 | 107,626 |
| Adjustments for: | | |
| - Depreciation | 21,504 | 23,127 |
| - Amortisation | 13,232 | 13,556 |
| Changes in assets and liabilities: | | |
| - (Increase)/decrease in trade and other receivables | (2,316) | 4,784 |
| - (Increase)/decrease in other assets | 44,394 | 37,194 |
| - Increase/(decrease) in trade and other payables | 5,028 | (14,072) |
| - Increase/(decrease) in employee benefits | 5,635 | 11,171 |
| - Increase/(decrease) in provisions | 1,295 | 1,226 |
| - Increase/(decrease) in tax liabilities | 12,199 | - |
| Net cash flows provided by operating activities | 271,104 | 184,612 |

## 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 | 212,899 | 200,580 |
| Term deposits | 13 | 329,629 | 128,831 |
| Trade and other receivables | 14 | 55,651 | 49,140 |
| | | 542,528 | 329,411 |
| **Financial liabilities** | | | |
| Trade and other payables | 19 | 67,734 | 11,368 |
| Lease liabilities | 20 | 167,748 | 180,774 |
| | | 235,482 | 192,142 |

## 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 | 700 | 700 |
| - General advisory services | 3,280 | 3,790 |
| - Share registry services | 3,830 | 6,808 |
| Total auditor's remuneration | 12,810 | 16,098 |

## Note 28. Related parties

### a) Details of key management personnel

The directors of the company during the financial year were:

Craig Gordon Oliver
Brendan John Kelly
Helen Nielsen
Anthony John Page
David Andrew McLeod
Susan Mary Morse
Jodie Louise Young
Sherryn Lesley Jennings
Christopher Robert Murphy
Donald Simon Macgucan

### 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

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

| *Transactions with related parties* | 2021 $ | 2020 $ |
|---|---|---|
| - The company purchased hardware items from a company one of the directors is the owner of: | 22 | - |

## 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 | 5.00 | 31,170 | 4.00 | 24,936 |

### b) Franking account balance

| | 2021 $ | 2020 $ |
|---|---|---|
| Franking credits available for future reporting periods | 12,199 | 3,717 |

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

## Note 30. Earnings per share

### a) Basic and diluted earnings per share

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Profit attributable to ordinary shareholders | 170,133 | 107,626 |
| | **Number** | **Number** |
| Weighted-average number of ordinary shares | 623,400 | 623,400 |
| | **Cents** | **Cents** |
| Basic and diluted earnings per share | 27.29 | 17.26 |

## 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 Grampians Regional 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.

**Craig Gordon Oliver, Chair**

Dated this 15th day of September 2021

# Independent Audit Report

61 Bull Street
Bendigo VIC 3550

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03 5443 0344

## Independent auditor's report to the Directors of Grampians Regional Community Enterprises Limited

### Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Grampians Regional 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 Grampians Regional 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.

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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 September 2021

**Joshua Griffin**
**Lead Auditor**

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Bendigo Bank

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