



2021 Annual Report

Gympie & District Financial Services Limited

ABN 79 113 293 173

Contents

Chair's report	2
Manager's report	3
Directors' report	4
Auditor's independence declaration	9
Financial statements	10
Notes to the financial statements	14
Directors' declaration	41
Independent audit report	42

Chair's report

For year ending 30 June 2021

It is my pleasure to present this report on matters related to the Gympie & District Financial Services Limited (G&DFSL) and its performance for the year ended 30 June 2021 – to our shareholders, my fellow Board members and our partners.

Our branch continues to play a vital role in the community, working with Bendigo and Adelaide Bank Limited to ensure a continuation of services to customers. Our Board has been quite busy with the purchase of a home for our Community Bank and our 16th birthday. We have this year celebrated our 16th birthday in June; customers were treated to cupcakes at our brightly decorated branch.

G&DFSL has now moved to our own premises at 44 Mary Street, Gympie. The purchase was made of our own property 38-44 Mary Street, Gympie in January 2021. This is a milestone we had been working on for the past 12 months, a fresh look for our customers and a long term investment into our community.

The Board gives special thanks to Andrea Raynel who stepped up into the role of Acting Branch Manager whilst our former Branch Manager Trevor Goddard was on sick leave for most of this financial year. Trevor Goddard has now resigned due to ill health. We have also farewelled staff member Kassandra Cain and we thank her for her service throughout the years.

We have welcomed new Branch Manager, Donna Martin in July. Donna brings a wealth of banking experience to our Community Bank and is completely customer service focused. We look forward to working with Donna for a strong banking future.

The Board approved and distributed payment of a dividend of 5 cents per share in February 2021. I would like to acknowledge the work done by Rens Poels as Treasurer/Secretary, who takes on this task and performs it admirably.

Sponsorship applications rolled in during March, there was a large response and the allocation for the year was allocated in our first round, the second round for the year has been cancelled. Our Board has remained quite flexible with applications that were made last year and could not be honoured because of COVID-19. Many of those events have now happened and continuing to be rolled out this year and we are maintaining our support of them without having to reapply. Our community support has now reached **\$600,000** over the past 16 years. Quite a worthy achievement and good investment into the community.

I take this opportunity to thank each Board Director for their contribution, attendance and support throughout the year. Your volunteer hours are truly appreciated. The Board will now be able to meet at the new bank premises for our monthly meetings and we thank Avenues Lifestyle Support for being our host for our past meetings for many years.

On behalf of the Board and staff, I would like to thank all our shareholders for your support, for without you we would not be here. We look forward to your continuing support to ensure that we can continue to grow and return profits to you and the community.



Rae Gâté
Chairperson

Financial year	Community contributions \$
2005/06	1,060
2006/07	1,500
2007/08	2,566
2008/09	5,444
2009/10	7,150
2010/11	9,700
2011/12	33,868
2012/13	44,050
2013/14	38,985
2014/15	66,760
2015/16	50,630
2016/17	52,035
2017/18	49,326
2018/19	69,471
2019/20	85,081
2020/21	78,057
Total	595,683

Dividends to shareholders		
Financial year	Cents per share	Total dividends
2010/11	2.5	20,000
2011/12	5.0	40,000
2012/13	7.5	60,000
2013/14	6.0	48,000
2014/15	6.0	48,000
2015/16	5.0	40,000
2016/17	5.0	40,000
2017/18	5.0	40,000
2018/19	5.0	40,000
2019/20	5.0	40,000
2020/21	5.0	40,000
Total		456,000

Manager's report

For year ending 30 June 2021

I am pleased to report to the Board and shareholders on another year of successful trading for Community Bank Gympie & District.

The branch has experienced sound growth again this financial year. Our account numbers have grown to 4,847 and total business growth of approximately \$7 million, to \$99.4 million in deposits and loans held as at 30 June 2021.

It has also been another challenging year. COVID-19 has changed the way we, and the whole world, go about our day-to-day activities. This has been a learning curve for all of us, and some changes will, no doubt continue well into the future. Fortunately, Gympie has escaped the brunt of infections and shutdowns, but still has had many job losses and business downturns. Despite this, Community Bank Gympie & District has continued to grow and maintain our sound reputation in an increasingly competitive market.

Our Manager, Trevor Goddard, unfortunately has been off ill since February 2020, and has now resigned due to ill health. I have been in the role of Acting Manager, and the rest of the staff have all stepped up to help to cover the shortfall. Running the branch one staff member short for this length of time has been challenging and I would like to thank Doret, Kassandra, Jo, and Sandie for their assistance and moral support, which has been invaluable. I also thank them for their dedication and professionalism which has ensured that the branch continues to prosper. Our new Manager, Donna Martin commenced work in July and is already making an impact. We had the move into new premises in September 2021 which will be providing a modern new workplace for us all.

Bendigo Bank itself has also been going through a huge amount of change. Upgrading computer systems and working on achieving their transformation goals, has meant lots of change in the way things are done in the branches. Many branches now have different opening hours, and more transactional banking is being done on line.

Our branch has now contributed over \$600,000 to the community. These contributions have supported so many organisations in our local community. I would like to thank all the members of the Gympie & District Financial Services Limited Board for their ongoing dedication and hard work, as none of this would be possible without them.

Our branch continues to welcome new and existing customers through all our banking avenues, and we endeavour to provide the best service and support for all your total banking requirements.



Andrea Raynel
Acting Branch Manager

Directors' report

Directors' Report

For the year ended 30 June 2021

The Directors present their report, together with the financial statements, on Gympie & District Financial Services Limited for the financial year ended 30 June 2021.

Board of Directors

The following persons were Directors of Gympie & District Financial Services Limited during the whole of the financial year up to the date of this report, unless otherwise stated:

Rae Gâté

Title: Director since 2007. Chairperson appointed 6 December 2017
Qualifications: Assoc. Dip. Business, Dip. Local Government admin, Cert 4 Training & Assessment.
Experience & Expertise: Treasurer Community Action Inc Board, Treasurer Gympie Community Place Committee, Vice President Gympie & District Women's Health Committee, Treasurer Weeroona Assoc Inc

Rens Poels

Title: Director and Treasurer Since 2005. Appointed Company Secretary 5 December 2018
Qualifications: Retired Computer Engineer
Experience & Expertise: Qualified Electrical Mechanic, Dip. Electrical Engineering, Volunteered with SES and RFS. Responsibilities: Marketing, Governance/Audit, Share Listing (LVM) Administrator, Scholarship Administrator

Sean Connelly

Title: Director since 2014, Deputy Chair
Qualifications: Community Development Worker, Dip Business, Dip Management, Dip Vocations Education & Training
Experience & Expertise: Current Board Committee Member Cooloola Aboriginal Services Inc. Gympie NAIDOC Committee, Gympie Relay for Life. Responsibilities: Human Resources, Sponsorship Business Development & Public Relations

Elaine Thomson

Title: Director since 2005. Resigned 26 November 2020
Qualifications: Retired School Teacher and Shop Owner
Experience & Expertise: Board member of Gympie Community Gardens Inc. Treasure of Gympie Family History Society Inc. Responsibilities: Marketing, Sponsorship Business Development & Public Relations

Prue McLeod (Previous Prue Sheehan)

Title: Director since 2014
Qualifications: Artist/Ceramicist, School Teacher, Bachelor of Visual Arts, Graduate Diploma of Education, Cert IV
Experience & Expertise: Volunteer for Neighbourhood Watch and Local Church. Past Member of QLD Potters Association

Paul Blackburn

Title: Director, appointed 2 May 18
Qualifications: Diploma's in Business, Policing, Occupational Health & Safety, Risk Management & Security
Experience & Expertise: Numerous Management roles in Government & Private Sector. Past and present of a number of Community Group Committees.

Directors' report (continued)

Directors' Report

For the year ended 30 June 2021

Debra Cook

Title:	Director, appointed 3 April 2019
Qualifications:	Tertiary Qualification Industrial Chemistry at QUT; 10+ years in Science Education; 8 years QLD Gov.
Experience & Expertise:	10 years small business owner/operator in retail to science & medical education sectors. Founding Director of the Gympie Bone Museum; Lifelong Volunteer

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

No Directors have material interests in contracts or proposed contracts with the company.

Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Rae Gâté	11	11	2	2
Rens Poels	11	11	4	4
Sean Connelly	11	11	2	2
Elaine Thomson	6	5	1	1
Prue McLeod (Previous Prue Sheehan)	11	9	3	3
Paul Blackburn	11	11	N/A	N/A
Debra Cook	11	9	N/A	N/A

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - Not a member of that committee.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Rens Poels

Qualifications:	Director and Treasurer Since 2005. Appointed Company Secretary 5 December 2018
Experience & Expertise:	Qualified Electrical Mechanic, Dip. Electrical Engineering, Volunteered with SES and RFS. Responsibilities: Marketing, Governance/Audit, Share Listing (LVM) Administrator, Scholarship Administrator

Principal Activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Directors' report (continued)

Directors' Report

For the year ended 30 June 2021

Operating Results

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

	30 June 2021 (\$)	30 June 2020 (\$)	Movement
Profit After Tax	84,679	96,119	-12%

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.

Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2020	Changes During the Year	Balance at 30 June 2021
Rae Gâté	500	-	500
Rens Poels	16,800	-	16,800
Elaine Thomson	47,510	-	47,510

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 (\$)
Unfranked dividend	5.00	40,010
Total Amount	5.00	40,010

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant Changes in the State of Affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, 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.

Directors' report (continued)

Directors' Report

For the year ended 30 June 2021

Events Since the end of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely Developments

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

Environmental Regulations

The company is not subject to any significant environmental regulation.

Indemnification & Insurance of Directors & Officers

The company has indemnified all directors and the managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or managers 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.

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 (RSD Audit) for audit and non-audit services provided during the year are set out in Note 28 to the accounts.

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

- all non audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the 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

Directors' report (continued)

Directors' Report
For the year ended 30 June 2021

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Gympie Queensland.

A handwritten signature in black ink, appearing to read 'Ren Poels', written over a horizontal line.

Ren Poels
Director

Dated this 22nd day of September, 2021

Auditor's independence declaration



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Gympie & District Community Financial Services Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Gympie & District Community Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in black ink, appearing to read 'P. P. Delahunty'.

P. P. Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 22 September 2021

Financial statements

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

	Note	2021 \$	2020 \$
Revenue			
Revenue from contracts with customers	7	632,490	660,576
Other revenue	8	50,097	21,067
Finance income	9	485	1,560
		683,072	683,203
Expenses			
Employee benefits expense	10	(320,976)	(318,777)
Depreciation and amortisation	10	(54,407)	(53,607)
Bad and doubtful debt expense		(95)	(1,146)
Administration and general costs		(30,239)	(35,082)
Occupancy expenses		-	(820)
Interest Expense		(9,194)	-
IT expenses		(17,690)	(17,385)
Advertising and Marketing		(3,451)	(3,172)
ATM expenses		(5,812)	(6,818)
Community grants		(15,227)	(15,454)
Insurance		(13,771)	(11,961)
Other expenses		(40,400)	(31,555)
		(511,262)	(495,777)
Operating profit before charitable donations and sponsorship		171,810	187,426
Charitable donations and sponsorship	10	(59,389)	(62,877)
Profit before income tax		112,421	124,549
Income tax expense	11	(27,742)	(28,430)
Profit for the year after income tax		84,679	96,119
Other comprehensive income		-	-
Total comprehensive income for the year		84,679	96,119
Profit attributable to the ordinary shareholders of the company		84,679	96,119
Total comprehensive income attributable to ordinary shareholders of the company		84,679	96,119
Earnings per share			
		¢	¢
- basic and diluted earnings per share	30	10.58	12.01

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Financial Position For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	12	51,668	228,261
Trade and other receivables	13	32,810	41,983
Other assets	14	3,349	-
Total current assets		87,827	270,244
Non-current assets			
Property, plant and equipment	15	855,576	58,946
Right-of-use assets	16	7,159	38,845
Intangible assets	17	38,899	51,865
Deferred tax assets	18	16,421	20,951
Total non-current assets		918,056	170,607
Total assets		1,005,882	440,851
Liabilities			
Current liabilities			
Trade and other payables	19	25,580	23,597
Current tax liability	18	20,785	-
Borrowings	20	18,792	-
Lease liabilities	21	8,126	31,590
Employee Benefits	22	47,952	37,524
Total current liabilities		121,235	92,711
Non-current liabilities			
Trade and other payables	19	38,899	51,865
Borrowings	20	516,602	-
Lease liabilities	21	-	8,126
Employee Benefits	22	-	3,680
Total non-current liabilities		555,501	63,671
Total liabilities		676,736	156,382
Net assets		329,147	284,469
Equity			
Issued capital	23	800,010	800,010
Accumulated losses	24	(470,863)	(515,541)
Total equity		329,147	284,469

The accompanying notes form part of these financial statements

Financial statements (continued)

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

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2019		800,010	(571,659)	228,351
Comprehensive income for the year				
Profit for the year		-	96,119	96,119
Dividends paid or provided	29	-	(40,001)	(40,001)
Balance at 30 June 2020		800,010	(515,541)	284,469
Balance at 1 July 2020		800,010	(515,541)	284,469
Comprehensive income for the year				
Profit for the year		-	84,679	84,679
Dividends paid or provided	29	-	(40,001)	(40,001)
Balance at 30 June 2021		800,010	(470,863)	329,147

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		755,571	754,507
Payments to suppliers and employees		(544,695)	(584,107)
Interest paid		(9,194)	(2,529)
Interest received		485	1,560
Income tax paid		(23,212)	-
Net cash flows provided by operating activities	25	178,955	169,431
Cash flows from investing activities			
Purchase of property, plant and equipment		(806,385)	(2,113)
Purchase of intangible assets		(12,966)	(12,966)
Net cash flows used in investing activities		(819,351)	(15,079)
Cash flows from financing activities			
Proceeds from borrowings		542,500	-
Repayment of borrowings		(7,106)	-
Repayment of lease liabilities		(31,590)	(30,205)
Dividends paid		(40,001)	(40,001)
Net cash flows from/(used in) financing activities		463,803	(70,206)
Net increase/(decrease) in cash held		(176,593)	84,146
Cash and cash equivalents at beginning of financial year		228,261	144,115
Cash and cash equivalents at end of financial year	25a	51,668	228,261

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2021

Note 1. Corporate Information

These financial statements and notes represent those of Gympie & District Financial Services Limited (the Company) as an individual entity. Gympie & District Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 22nd September 2021.

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

Note 2. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

Note 3. Summary of Significant Accounting Policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Banks branch:

Gympie 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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (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
- 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.

(b) Revenue From Contracts With Customers

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

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

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

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

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

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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
Deposit returns (i.e. interest return applied by BABL on deposits)
minus
Any costs of funds (i.e. interest applied by BABL to fund a loan)

The company is entitled to a share of the margin earned by Bendigo and Adelaide 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 and Adelaide Bank 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 and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) 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

During the financial year, 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 businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is 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 when the cash flow of the company improves.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(d) Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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.

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 estimate future cash outflows.

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

(e) Tax

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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Goods & 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.
- when receivables and payables are stated with the amount of GST included.

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 & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

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

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using 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	Rate
Leasehold improvements	Straight line	2.5-5%
Plant and Equipment	Straight line	2.5-50%
Right of Use	Diminishing value	44%

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

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(h) Intangible Assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets 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
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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

(i) Financial Instruments

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

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Classification & Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial Assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (*continued*)

Financial Liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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 Instruments

The company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECL's 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.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of ECL in Financial Statements

At each reporting date, the entity recognises the movement in the loss allowance 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 and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide 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 and Adelaide Bank and found no instances of default. As a result no impairment loss allowance 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 amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets

(k) Issued Capital

Ordinary Shares

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

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(I) Leases

As Lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 interest rate implicit in the lease or, if that rate cannot be readily determined, 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 the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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.

Short-term Leases & 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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (*continued*)

As Lessor

The company has not been a party in an arrangement where it is a lessor.

(m) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 January 2020 that are expected to have a significant impact on the company's financial statements.

(n) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 4. Significant Accounting Judgements, Estimates & Assumptions

During preparation of the 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 outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these 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 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 21 - Leases:	
(a) Control	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	Whether the company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none">• the amount• the lease term• economic environment• any other relevant factors

Notes to the financial statements (continued)

Note 4. Significant Accounting Judgements, Estimates & Assumptions (continued)

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2020 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	Assumption
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 22 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases through promotion and inflation

Note 5. Financial Risk Management

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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 utilise any 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 has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

(b) Liquidity Risk

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

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2021		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	8,126	8,184	-	-
Bank Loan	535,394	39,264	157,056	566,907

Notes to the financial statements (continued)

Note 5. Financial Risk Management (continued)

(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. There is no exposure to the company in regard to commodity price risk.

Cash Flow & Fair Values Interest Rate Risk

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

The company held cash and cash equivalents of \$51,669 at 30 June 2021 (2020: \$228,261). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 6. Capital Management

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

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

The distribution limit is the greater of:

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

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

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

Notes to the financial statements (continued)

Note 7. Revenue From Contracts With Customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2021 \$	2020 \$
Revenue		
- Revenue from contracts with customers	632,190	660,576
	632,190	660,576
Disaggregation of Revenue From Contracts With Customers		
- Margin income	478,300	506,170
- Commission income	68,677	69,777
- Market development fund	31,875	35,000
- Fee income	53,338	49,629
	632,190	660,576

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Note 8. Other Revenue

The company generates other sources of revenue as outlined below.

	2021 \$	2020 \$
Other Revenue		
- Other Revenue	50,398	21,067

Note 9. Finance Income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2021 \$	2020 \$
Finance Income		
- Interest received	485	1,560

Notes to the financial statements (continued)

Note 10. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2021 \$	2020 \$
Employee Benefits Expense		
- Wages & salaries	259,911	266,897
- Superannuation costs	60,406	49,518
- Other expenses related to employees	659	2,362
	320,976	318,777

(b) Depreciation & Amortisation Expense

	2021 \$	2020 \$
Depreciation of Non-current Assets		
- leasehold improvements	9,006	9,006
- plant and equipment	749	559
	9,755	9,565
Depreciation of Right-of-use Assets		
- leased building	31,686	31,076
	31,686	31,076
Amortisation of Intangible Assets		
- franchise fees	12,966	12,966
	12,966	12,966
Total depreciation & amortisation expense	54,407	53,607

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Finance Costs

	Note	2021 \$	2020 \$
Finance Costs			
- Interest paid		9,194	-

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

Notes to the financial statements (continued)

Note 10. Expenses (continued)

(d) Community Investments & Sponsorship

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	Note	2021 \$	2020 \$
Community Investments & Sponsorship			
- Direct sponsorship and grant payments		59,389	62,877
- Contribution to the Community Enterprise Foundation™	10(e)	15,227	10,455
		74,616	73,332

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

(e) Community Enterprise Foundation™ Contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of community investments and sponsorship expenditure included in profit or loss.

	Note	2021 \$	2020 \$
Disaggregation of CEF Funds			
Opening balance		5,205	253
Contributions paid	10(d)	15,227	10,455
Grants paid out		(10,000)	(5,000)
Interest received		24	21
Management fees incurred		(261)	(523)
Balance available for distribution		10,195	5,205

Notes to the financial statements (continued)

Note 11. Income Tax Expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The Components of Tax Expense

	2021 \$	2020 \$
Current tax expense	27,735	25,820
Deferred tax expense	3,379	28,458
Recoupment of prior year tax losses	(4,523)	(25,820)
Under / (over) provision of prior years	1,151	(28)
	27,742	28,430

(b) *Prima Facie* Tax Payable

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2021 \$	2020 \$
Prima facie tax on profit before income tax at 26% (2020: 27.5%)	29,230	34,251
Add Tax Effect Of:		
- Utilisation of previously unrecognised carried forward tax losses	(4,523)	-
- Under / (over) provision of prior years	1,151	(28)
- Non-deductible expenses	1,885	(5,793)
Income tax attributable to the entity	27,743	28,430
The applicable weighted average effective tax rate is:	-24.68%	-22.83%

Notes to the financial statements (continued)

Note 12. Cash & Cash Equivalents

	2021 \$	2020 \$
Cash at bank and on hand	51,668	105,304
Short-term bank deposits	-	122,957
	51,668	228,261

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less. Any bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Note 13. Trade & Other Receivables

	2021 \$	2020 \$
Current		
Trade receivables	32,810	35,372
Other receivables	-	6,611
	32,810	41,983

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Note 14. Other Assets

	2021 \$	2020 \$
Other - Borrowing Costs	3,349	-

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Note 15. Property, Plant & Equipment

(a) Carrying Amounts

	2021 \$			2020 \$		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Buildings	806,385	-	806,385	-	-	-
Leasehold improvements	184,300	(141,841)	42,459	184,300	(132,835)	51,465
Plant & equipment	73,313	(66,581)	6,732	73,313	(65,832)	7,481
	1,063,998	(208,422)	855,576	257,613	(198,667)	58,946

Notes to the financial statements (continued)

Note 15. Property, Plant & Equipment (continued)

(b) Movements in Carrying Amounts

2021	Buildings \$	Leasehold Imp. \$	Plant & Equipment \$
Opening carrying value		51,465	7,481
Additions	806,385	-	-
Depreciation expense	-	(9,006)	(749)
Closing carrying value	806,385	42,459	6,732

2020	Buildings \$	Leasehold Imp. \$	Plant & Equipment \$
Opening carrying value	-	60,471	5,927
Additions	-	-	2,113
Depreciation expense	-	(9,006)	(559)
Closing carrying value	-	51,465	7,481

(c) Capital Expenditure Commitments

The entity has committed to expend \$350,000 on a new fit out for the new building. (2020: None)

Note 16. Right-of-use Assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The company's lease portfolio includes their building. The lease will be terminated in September 2021.

AASB 16 Amounts Recognised in the Statement of Financial Position

	Leased Buildings \$	Total ROU Asset \$
Leased asset	69,921	69,921
Depreciation	(62,762)	(62,762)
	7,159	7,159

Movements in carrying amounts:

	Leased Buildings \$	Total ROU Asset \$
Recognised on initial application of AASB 16	69,921	69,921
Depreciation expense	(62,762)	(62,762)
Net carrying amount	7,159	7,159

Notes to the financial statements (continued)

Note 16. Right-of-use Assets (continued)

AASB 16 Amounts Recognised in the Statement of Financial Position

	2021 \$	2020 \$
Depreciation expense related to right-of-use assets	31,686	31,076
Interest expense on lease liabilities	1,144	2,529

Note 17. Intangible Assets

(a) Carrying Amounts

	2021			2020		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	64,831	(25,932)	38,899	64,831	(12,966)	51,865
	64,831	(25,932)	38,899	64,831	(12,966)	51,865

(b) Movements in Carrying Amounts

2021	Franchise Fee \$
Opening carrying value	51,865
Amortisation expense	(12,966)
Closing carrying value	38,899

2020	Franchise Fee \$
Opening carrying value	-
Additions	64,831
Amortisation expense	(12,966)
Closing carrying value	51,865

Note 18. Tax Assets & Liabilities

(a) Current Tax

	2021 \$	2020 \$
Income tax payable	20,785	25,820

Notes to the financial statements (continued)

Note 18. Tax Assets & Liabilities (continued)

(b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2021:

	30 June 2020 \$	Recognised in P & L \$	30 June 2021 \$
Deferred Tax Assets			
- Expense accruals	4,596	(404)	4,192
- Unused tax losses	11,331	(11,331)	-
- Right-of-use assets	240	1	241
- Employee provisions	4,784	7,204	11,988
Total deferred tax assets	20,951	(4,530)	16,421
			-
Net deferred tax assets	20,951	(4,530)	16,421

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019 \$	Recognised in P & L \$	30 June 2020 \$
Deferred Tax Assets			
- Expense accruals	4,761	(165)	4,596
- Unused tax losses	30,576	(19,245)	11,331
- Right-of-use assets	-	240	240
- Employee provisions	14,044	(9,260)	4,784
Total deferred tax assets	49,381	(28,430)	20,951
Net deferred tax assets	49,381	(28,430)	20,951

Notes to the financial statements (continued)

Note 19. Trade & Other Payables

	2021 \$	2020 \$
Current		
Trade creditors	1,149	238
Franchise fee payable	12,966	12,966
Other creditors and accruals	11,465	10,393
	25,580	23,597
Non-Current		
Other creditors and accruals	38,899	-

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 20. Borrowings

	2021 \$	2020 \$
Current		
Secured Liabilities		
Bank loan	18,792	-
	18,792	-
Non-Current		
Secured Liabilities		
Bank loan	516,602	-
	516,602	-
Total borrowings	535,394	-

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 3.89%. This loan has been created to fund the purchase of a property at 38 Mary Street Gympie and is secured by 38 Mary Street Gympie.

Note 21. Lease Liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.5%.

Notes to the financial statements (continued)

Note 21. Lease Liabilities (continued)

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

(a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
Mary Street Branch	The lease agreement will be cease in September 2021

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.

(b) Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2021 \$	2020 \$
Current	8,126	31,590
Non-current	-	8,126
	8,126	39,716

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2021 were as follows:

	Minimum lease payments due		
	< 1 Year	1 - 2 Years	Total
30 June 2021			
Lease payments	8,126		8,126
Net present values	8,126	-	8,126
30 June 2020			
Lease payments	32,734	8,126	39,716
Net present values	32,734	8,126	39,716

Note 22. Employee Benefits

	2021 \$	2020 \$
Current		
Provision for Employee Benefits	47,952	37,524
Non-Current		
Provision for Employee Benefits	-	3,680
Total employee benefits	47,952	41,204

Notes to the financial statements (continued)

Note 22. Employee Benefits (continued)

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee Attrition Rates

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

Note 23. Issued Capital

(a) Issued Capital

	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	800,010	800,010	800,010	800,010
	800,010	800,010	800,010	800,010

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(b) Movements in share capital

	2021 \$	2020 \$
Fully paid ordinary shares:		
At the beginning of the reporting period	800,010	800,010
At the end of the reporting period	800,010	800,010

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Note 24. Retained Earnings

	Note	2021 \$	2020 \$
Balance at the beginning of the reporting period		(515,541)	(571,659)
Profit for the year after income tax		84,679	96,119
Dividends paid	29	(40,001)	(40,001)
Balance at the end of the reporting period		(470,863)	(515,541)

Notes to the financial statements (continued)

Note 25. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	2021 \$	2020 \$
Cash and cash equivalents (Note 12)	51,668	228,261
As per the Statement of Cash Flows	51,668	228,261

(b) Reconciliation of cash flow from operations with profit after income tax

	2021 \$	2020 \$
Profit for the year after income tax	84,679	96,119
Non-cash flows in profit		
- Depreciation and amortisation	54,407	53,607
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	9,173	5,543
- (Increase) / decrease in prepayments and other assets	(3,350)	
- (Increase) / decrease in deferred tax asset	4,530	28,430
- Increase / (decrease) in trade and other payables	960	(4,400)
- Increase / (decrease) in other tax liability	1,023	-
- Increase / (decrease) in provisions	27,533	(9,868)
Net cash flows from operating activities	178,955	169,431

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			
Trade and other receivables	13	32,810	41,983
Cash and cash equivalents	12	51,668	228,261
		84,478	270,244
Financial Liabilities			
Trade and other payables	19	25,580	23,597
Borrowings	20	535,934	-
Lease liabilities	21	8,126	39,716
		569,640	63,313

Notes to the financial statements (continued)

Note 27. Related Parties

(a) Key Management Personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key Management Personnel Compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

(c) Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(d) Transactions With Key Management Personnel & Related Parties

No key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

The Gympie & District Financial Services Limited have not accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch.

(e) Key Management Personnel Shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(f) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

Note 28. Auditor's Remuneration

The appointed auditor of Gympie & District Financial Services Limited for the year ended 30 June 2021 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2021 \$	2020 \$
Audit & Review Services	-	-
Audit and review of financial statements (RSD Audit)	5,300	5,250
Total auditor's remuneration	5,300	5,250

Notes to the financial statements (continued)

Note 29. Dividends

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.

	2021		2020	
	Number	\$	Number	\$
Fully unfranked dividend 5 cents per share	800,010	40,001	800,010	40,001
Dividends provided for and paid during the year	800,010	40,001	800,010	40,001

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

Note 30. Earnings Per Share

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

	2021	2020
	\$	\$
Profit attributable to ordinary shareholders	84,679	96,119
	Number	Number
Weighted average number of ordinary shares	800,010	800,010
	¢	¢
Basic and diluted earnings per share	10.58	12.01

Note 31. Events After the Reporting Period

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

Note 32. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 21. Details about any capital commitments are detailed in Note 15(c)).

The company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

Note 33. Company Details

The registered office of the company is:

Gympie & District Financial Services Limited 44 Mary Street, Gympie

The principal place of business is:

Gympie 44 Mary Street

Directors' declaration

In accordance with a resolution of the directors of Gympie & District Financial Services Limited, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

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



Ren Poels
Director

Dated this 22nd day of September, 2021

Independent audit report



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GYMPIE & DISTRICT FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Gympie & District Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Gympie & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year then ended; 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. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation



Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, 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, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

A handwritten signature in black ink, appearing to read 'P. P. Delahunty'.

P. P. Delahunty
Partner
Bendigo
Dated: 22 September 2021

Community Bank · Gympie & District

44 Mary Street, Gympie QLD 4570

Phone: 07 5481 1787

Email: gympiemailbox@bendigoadelaide.com.au

Web: bendigobank.com.au/gympie



/communitybankgympie

Franchisee:

Gympie & District Financial Services Limited

ABN: 79 113 293 173

44 Mary Street, Gympie QLD 4570

Phone: (07) 5481 1787

(BNPAR21086) (10/21)