

Annual Report 2021

Kew East Financial Services
Limited

Community Bank
Kew East

ABN 91 096 301 058

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KEFS Chairman's Report 2021

Year ending 30th June 2021

Dear Shareholder,

This has been another profitable year for the company. Obviously, it has been a difficult and challenging year for our company, branch and all our stakeholders, including our shareholders. However, in difficult times resilience is the key and in my view the company, the branch, our staff and our stakeholders have all demonstrated this important trait. Our long-standing shareholders have continued importantly to support us all in our efforts. The board and I wish to bring you up to date with progress of your company for the 2020-21 financial year.

Building on our stronger foundations over the last 4 years, we have continued the company's profitability in 2021 despite operating in a very challenging COVID-19 environment which has included a number of significant lockdowns in Victoria.

In this regard, it is important to note that during all those lockdowns our branch remained open and our loyal staff attended to all our customer's matters in their usual efficient and cheerful way.

The work done in the last 4 years, in the board's view, has established a strong platform for business continuity into the future. As mentioned, our Branch Manager, Business Development Manager and staff have been working particularly hard in very difficult circumstances to deliver exceptional service to all our customers and to keep branch performance ahead of the budget. We would particularly like to acknowledge the work done by Effie Iliadis who continues to lead our branch as Branch Manager. We would also like to thank our Business Development Manager, Darren Waldock, who worked hard during the year but regrettably has now left our employ. We are presently, together with Bendigo and Adelaide Bank, seeking to interview candidates to become our new Mobile Relationship Manager. We also need to thank all of our staff Elie, James and Jenny for their tireless work and commitment to the continued prosperity of our branch and particularly caring for, and keeping safe, our customers in very difficult unusual circumstances.

The profit performance of the company in 2021 together with more meaningful relationships with our partner Bendigo and Adelaide Bank, our clients and community groups will seek to ensure we can generate a greater and more significant impact locally. Our community contributions have continued this year and prior to 30 June 2021 the company awarded community grants and sponsorships valued at \$52,889. This brings our overall contribution back to the community to over \$ 1.55 million. Our sponsorship of, and co-operation with, local sporting clubs and other community organisations remains a key priority particularly given the difficult and interrupted year that those clubs and community groups experienced in 2021 because of COVID -19. Close, respectful and mutually beneficial relationships with our community partners is, and remains, an integral part of our banking business and what sets us apart from other financial institutions.

During 2021 our home-grown and owned community marketing and social media program, Kew For You, continues to have an enduring impact in the Kew and Boroondara region. This social media platform is an important part of our focus on engagement with local traders, businesses, community groups and the wider Kew community which we are proud to continue to support.

During 2021, we continued our engagement with the Bendigo Bank collaborative marketing program. This will enable us to join with other community bank branches in our region to reinforce, showcase and develop further our activities and capabilities at a local level. In the new income year, it will be important to seek to collaborate more closely with other community banks like Community Bank Clifton Hill, Community Bank East Ivanhoe and Community Bank Heidelberg. The program and this closer collaboration with other local community bank companies enables us to market Bendigo Bank products, people and services to the community more effectively. It also reinforces our brand and footprint in our local community.

I would also like to thank all Directors for their considerable efforts over the last 12 months in representing the company generally but also helping build the profile of the Company in the local community. All Directors work hard to ensure that the Company is always presented in the best light in all circumstances and that the Company's important values are upheld and exhibited in the board room and in public. I would like to thank in particular the two retiring directors Olivia Dolezal and Diana Nelson for their significant contribution to the Company and the

KEFS Chairman's Report (continued)

community over the years. At the same time, I would like to thank our shareholders in particular for their patience and support over many years. With your support I have no doubt that our staff and our Directors will continue working towards building shareholder value, enhance our business and social and community reputation whilst also fully meeting our important obligations to serve our local community.

Our aim continues in 2021 to be that the Company remains a welcoming, inclusive positive and vital presence for families, traders and businesses and community groups in the wider community and especially in the neighbourhoods of Kew and Kew East.

Yours Faithfully

A handwritten signature in black ink that reads "Phillip Davies". The signature is written in a cursive, flowing style.

Phillip Davies

Chairman

Community Contributions in 2020/21

Sponsorships worth \$14,250 were given	Deepdene Uniting Cricket Club
	Rotary Club of North Balwyn
	Kew Football Club
Community Grants worth \$38,639 were given	Boroondara Community Outreach COVID-19 response
	Kew Football Club
	Kew Toy Library
	Uniting Church COVID-19 response
	Council for Christian Education in Schools COVID-19 response
	Kew High School Chaplains Fund COVID-19 response
	Servants Community Housing COVID-19 response
You Matter	

Financial Year	Community Grants	Community Enterprise Foundation	Sponsorships	Donations	Total*
2002/03				6,000#	6,000
2003/04					0
2004/05			4,340		4,340
2005/06	6,400		15,170		21,570
2006/07	18,500	40,900	7,075		66,475
2007/08	26,552	50,000	36,750		86,750
2008/09	59,667	145,000	40,000		185,000
2009/10	121,630	272,727	17,672		290,399
2010/11	94,357	250,000	54,078		304,078
2011/12	156,751	200,000	27,183		227,183
2012/13	153,952	100,000	37,443		137,443
2013/14	170,006		28,364		28,364
2014/15	64,499		33,075		33,075
2015/16	16,745		32,048		32,048
2016/17	2,500		19,930		19,930
2017/18	38,124		38,672		38,672
2018/19	48,058		37,350		37,350
2019/20	27,087		25,050		25,050
2020/21	38,639		14,250		14,250
Total Paid to date	1,043,467	1,058,627	468,450	6,000	1,557,977

Donation by Bendigo and Adelaide Bank Ltd in recognition of growth in the Company's business in the first two years
Community Grants paid in November 2005, 2006 through KEFS account.

All subsequent Community Grants paid through the Community Enterprise Foundation.

Community Enterprise Foundation contributions paid in June 2007, 2008, 2009, 2010, 2011, 2012, 2013

* As reported in the Financial Statements - Charitable Donations and Sponsorships

Community Enterprise Foundation balance as at 30/06/2021 \$60,468.61.

KEFS Manager's Report

Year ending 30th June 2021

Welcome to the 2021 Branch Manager's Report for Community Bank Kew East. The past financial year has been a testing one for our customers and our community due to the uncertainty of the pandemic we are facing.

We have supported our customers in need through our business support packages, deferred loan payments and through the changes to day-to-day banking.

We have transitioned to delivering our banking services digitally where our staff have been able to continue to deliver the exceptional service always provided to our customers for those who are unable to attend our branch. We have simplified how we conduct everyday business for them to continue to make their banking experience a pleasant one.

We have introduced a new way of banking alongside the traditional. A digital platform has been implemented that allows our customers to receive and execute documents digitally with our new Complete Home Loan product. Maintenance forms for our other products have also been introduced digitally to make the customer experience a simpler one in this time.

We are in constant contact with our customers via phone, email, audio & screen sharing to suit their preferred method of communication whilst retaining the strong relationship we have with them. Likewise, we have kept in contact with the Community groups and clubs we support to help them to function within this very challenging time.

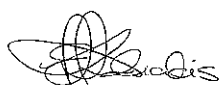
Community Bank Kew East footings as of 30th June 2021 were \$199.4 million.

This was made up of \$48.8 million in lending and \$150.6 million in deposits.

Thank you to the branch staff of Elie, Jenny and James, our support staff of Pam and Ly and our Board of Directors for their ongoing commitment, hard work and loyalty to our business.

Thankyou to our shareholders for continuing to support our business.

Our staff and Board of Directors have, and will continue to, support our shareholders, community and our valued customers whilst ensuring our business continues to grow.



Effie Iliadis

Branch Manager

Bendigo and Adelaide Bank Report

CB Annual Report 2021
BEN message
26 August 2021

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

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

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

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

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

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

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each 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

Directors' Report

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

Board of Directors

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

Phillip Davies

TITLE: Chairman

QUALIFICATIONS: LLM (Monash), LLB (Hons), BA (Hons) Melb, GAICD

EXPERIENCE & EXPERTISE: CEO General Counsel, non-executive director in legal, property, health, financial and education services. Member of Audit and Governance Committee. Member of Personnel Committee.

Paula Davey

TITLE: Deputy Chairman

QUALIFICATIONS: MAAPM (Member of Australian Association of Practice Management), MAICD

EXPERIENCE & EXPERTISE: Former Local Councillor, extensive connections with community organisations and schools. GP Practice Manager and small business owner. Member of Community Investment Committee. Chairman of Personnel Committee.

Eric Thomas

TITLE: Treasurer

QUALIFICATIONS: FCA

EXPERIENCE & EXPERTISE: Chartered Accountant. Chairman of Audit and Governance Committee.

Jason Talbot

TITLE: Secretary

QUALIFICATIONS: BSc, PhD, Grad. Dip Acc, M App Fin, GAICD

EXPERIENCE & EXPERTISE: Governance, strategy and finance consultant, former director of Blackburn South Bendigo Community Bank. Member of Audit and Governance Committee.

Lilian Look

TITLE: Non-Executive Director

QUALIFICATIONS: BEc, LLB, GAICD, FFin, ASA

EXPERIENCE & EXPERTISE: Corporate Finance, Legal, Project Management and Governance. Member of Audit and Governance Committee.

Directors' Report (continued)

Directors (continued)

Thomas Rochford

TITLE: Non-Executive Director
QUALIFICATIONS: LLB (Hons), BSci (Enviro), GDLP
EXPERIENCE & EXPERTISE: Marketing strategy and business development. Chairman of Community Investment Committee

Michael Barden

TITLE: Non-Executive Director
QUALIFICATIONS: Bachelor of Commerce (Melbourne Uni)
EXPERIENCE & EXPERTISE: Owner and Managing Director of workwear clothing importer and distributor for over 25 years. Close association with a number of local schools sports clubs over 20 years. Member of Community Investment Committee.

Alison Davey (APPOINTED 1 AUGUST 2021)

TITLE: Non-Executive Director
QUALIFICATIONS: LLB, Dip Convey, BA
EXPERIENCE & EXPERTISE: Corporate law (transactional and advisory), prior experience in property law, residential conveyancing and PEXA. Member of the Audit and Governance Committee.

Diana Nelson (RESIGNED 30 JUNE 2021)

TITLE: Non-Executive Director
QUALIFICATIONS: B Civ Eng (Hons), Post grad Dip of Management, MBA
EXPERIENCE & EXPERTISE: Property, Governance, Strategy, Change Management, Procurement, Transition and Project Management. School Council Member Trinity Grammar School. Member of Community Investment Committee.

Olivia Dolezal (RESIGNED 15 JANUARY 2021)

TITLE: Non-Executive Director
QUALIFICATIONS: BCom (Currently completing)
EXPERIENCE & EXPERTISE: Bendigo Bank Young Directors Program. Leadership and community service experience. Member of Community Investment Committee. Member of Audit and Governance Committee. Chairman of Youth Sub-Committee.

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' Report (continued)

Directors' Meetings

Attendances by each Director during the year were as follows:

E - eligible to attend A - number attended • - Not a member of that committee	Board Meetings Attended		Audit and Governance Committee Meetings		Community Investment Committee Meetings	
	E	A	E	A	E	A
Phillip Davies	11	11	11	9	•	•
Paula Davey	11	10	•	•	10	10
Eric Thomas	11	10	11	11	•	•
Jason Talbot	11	11	11	11	•	•
Lilian Look	11	10	11	10	•	•
Diana Nelson	11	11	•	•	10	9
Thomas Rochford	11	11	•	•	10	10
Michael Barden	11	9	•	•	10	10
Alison Davey	-	-	•	•	•	•
Olivia Dolezal	5	5	5	5	5	2

Company Secretary

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

Jason Talbot

QUALIFICATIONS: BSc, PhD, Grad. Dip Acc, M App Fin, GAICD

EXPERIENCE & EXPERTISE: Governance, strategy and finance consultant, former director of Blackburn South Bendigo Community Bank. Member of Audit and Governance Committee.

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.

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 \$	Movement
Profit After Tax	113,617	323,035	(65%)

Directors' Report (continued)

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

	Fully paid ordinary shares		
	Balance at 1 July 2020	Changes during the year	Balance at 30 June 2021
Phillip Davies	-	-	-
Paula Davey	2,500	-	2,500
Eric Thomas	3,003	-	3,003
Jason Talbot	-	-	-
Lilian Look	-	-	-
Diana Nelson	-	-	-
Thomas Rochford	-	-	-
Michael Barden	-	-	-
Alison Davey	-	-	-
Olivia Dolezal	-	-	-

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 fully franked dividend	3.00	53,770
Total Amount	3.00	53,770

The board also declared a fully franked dividend of 2 cents per share at the board meeting on 26 July 2021.

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 and Adelaide Bank Limited, 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.

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 27 to the accounts.

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

- all non audit services 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

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 6 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Kew East, Victoria.

A handwritten signature in black ink that reads "Phillip Davies". The signature is written in a cursive style with a large initial 'P' and 'D'.

Phillip Davies

Chairman

Dated this 10th 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 Kew East 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 Kew East 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 blue ink, appearing to read 'Katie Teasdale'.

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 10 September 2021

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation

Financial Statements

Kew East Financial Services Limited 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	922,264	1,150,998
Other revenue	8	37,500	72,500
Finance income	9	653	1,028
		960,417	1,224,526
EXPENSES			
Employee benefits expense	10	(490,243)	(434,248)
Depreciation and amortisation	10	(56,584)	(52,958)
Finance costs	10	(126)	(11,064)
Bad and doubtful debts expense		(46)	(414)
Advertising and marketing expenses		(12,506)	(28,766)
Occupancy expenses		(25,996)	(32,067)
IT expenses		(34,432)	(35,949)
Other expenses		(183,508)	(181,357)
		(803,441)	(776,823)
Operating profit before charitable donations and sponsorship		156,976	447,703
Charitable donations and sponsorship	10	(14,250)	(25,250)
Profit before income tax		142,726	422,453
Income tax expense	11	(29,109)	(99,418)
Profit for the year after income tax		113,617	323,035
Total comprehensive income attributable to ordinary shareholders of the company		113,617	323,035
EARNINGS PER SHARE			
		¢	¢
- basic and diluted earnings per share	29	6.34	18.02

The accompanying Notes form part of these Financial Statements

Financial Statements (continued)

Kew East Financial Services Limited Statement of Financial Position for the year ended 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	112,765	316,420
Trade and other receivables	13	64,434	84,092
Financial assets	14	250,000	-
Current tax asset	18	4,231	-
Other assets	15	7,111	7,284
Total current assets		438,541	407,796
Non-current assets			
Property, plant and equipment	16	1,594,805	1,640,197
Intangible assets	17	4,664	15,856
Deferred tax assets	18	1,305	1,552
Total non-current assets		1,600,774	1,657,605
Total assets		2,039,315	2,065,401
LIABILITIES			
Current liabilities			
Trade and other payables	19	56,890	93,155
Current tax liability	18	-	54,484
Borrowings	20	-	-
Employee benefits	21	68,051	63,652
Total current liabilities		124,941	211,291
Non-current liabilities			
Borrowings	20	2,366	1,998
Employee benefits	21	179	130
Total non-current liabilities		2,545	2,128
Total liabilities		127,486	213,419
Net assets		1,911,829	1,851,982
EQUITY			
Issued capital	22	798,218	798,218
Retained earnings	23	1,113,611	1,053,764
Total equity		1,911,829	1,851,982

The accompanying Notes form part of these Financial Statements

Financial Statements (continued)

Kew East Financial Services Limited Statement of Changes in Equity for the year ended 30 June 2021

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019		798,218	802,422	1,600,640
Comprehensive income for the year				
Profit for the year		-	323,035	323,035
Other comprehensive income for the year		-	-	-
Transactions with owners in their capacity as owners				
Dividends paid or provided	28	-	(71,693)	(71,693)
Balance at 30 June 2020		798,218	1,053,764	1,851,982
Balance at 1 July 2020		798,218	1,053,764	1,851,982
Comprehensive income for the year				
Profit for the year		-	113,617	113,617
Other comprehensive income for the year		-	-	-
Transactions with owners in their capacity as owners				
Dividends paid or provided	28	-	(53,770)	(53,770)
Balance at 30 June 2021		798,218	1,113,611	1,911,829

The accompanying Notes form part of these Financial Statements

Financial Statements (continued)

Kew East Financial Services Limited Statement of Cash Flows for the year ended 30 June 2021

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from customers		1,111,282	1,312,894
Payments to suppliers and employees		(901,887)	(807,876)
Interest paid		(10,517)	(673)
Interest received		408	1,016
Income tax paid		(87,577)	(144,270)
Net cash flows provided by operating activities	24b	111,709	361,091
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(35,775)
Purchase of investments		(250,000)	-
Purchase of intangible assets		(11,962)	(11,962)
Net cash flows used in investing activities		(261,962)	(47,737)
Cash flows from financing activities			
Proceeds from borrowings		368	-
Repayment of borrowings		-	(96,322)
Dividends paid		(53,770)	(71,693)
Net cash flows used in financing activities		(53,402)	(168,015)
Net increase/(decrease) in cash held		(203,655)	145,339
Cash and cash equivalents at beginning of financial year		316,420	171,081
Cash and cash equivalents at end of financial year	24a	112,765	316,420

The accompanying Notes form part of these Financial Statements

Notes to the Financial Statements

Note 1. Corporate Information

These financial statements and notes represent those of Kew East Financial Services Limited (the Company) as an individual entity. Kew East 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 10th 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 26.

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 Bank branch:

- Community Bank Kew East

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo and Adelaide Bank Limited. 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 and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the Community Bank on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

The current franchise agreement with Bendigo and Adelaide Bank Limited expires in December 2021. The directors expect the franchise agreement will be renewed with similar terms to present.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Notes to the Financial Statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)
(a) Economic Dependency (continued)

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

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

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

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

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

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the company - margin, commission and fee income. Bendigo and Adelaide Bank Limited 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.

Notes to the Financial Statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)
(b) Revenue from Contracts with Customers (continued)

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 Bendigo and Adelaide Bank Limited on deposits)
minus
Any costs of funds (i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan)

The company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited. 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 Limited entities including fees for loan applications and account transactions.

Core Banking Products

Bendigo and Adelaide Bank Limited 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 and Adelaide Bank Limited branded home loans, term deposits and at call deposits.

Ability to Change Financial Return

Under the franchise agreement, Bendigo and Adelaide Bank Limited 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 Limited 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.

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

Notes to the Financial Statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(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 stream	Revenue recognition policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the business 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 and Adelaide Bank Limited has also made MDF payments to the company. These payments ceased during the previous financial year.

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 and Adelaide Bank Limited 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 and Adelaide Bank Limited.

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)
(e) Tax (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	Useful life
Buildings	Straight-line	40 years
Plant and equipment	Diminishing value	2.5 to 20 years
Motor vehicles	Diminishing value	4 years

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 and Adelaide Bank Limited 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/renewal 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)
(i) Financial Instruments (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)

- (i) Financial Instruments (continued)
Derecognition (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 Limited, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide Bank Limited 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 Limited 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.

As Lessor

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

Notes to the Financial Statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(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

(b) Assumptions & Estimation Uncertainty

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	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 16 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 21 - 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.

Notes to the Financial Statements (continued)

Note 5. Financial Risk Management (continued)

(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 Limited.

(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

Non-derivative Financial Liability	Contractual cash flows			
	Carrying amount	< 12 Months	1 - 5 Years	> 5 Years
Borrowings	2,366	-	2,366	-

(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 Limited 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 \$112,765 at 30 June 2021 (2020: \$316,420). The cash and cash equivalents are held with Bendigo and Adelaide Bank Limited, which are rated BBB on Standard & Poor's credit ratings.

Notes to the Financial Statements (continued)

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.

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	922,264	1,150,998
	922,264	1,150,998
Disaggregation of Revenue From Contracts With Customers		
· Margin income	799,466	1,017,503
· Fee income	54,673	55,018
· Commission income	68,125	78,477
	922,264	1,150,998

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.

Notes to the Financial Statements (continued)

Note 8. Other Revenue

The company generates other sources of revenue as outlined below.

	2021	2020
	\$	\$
Other Revenue		
· Market development fund income	-	10,000
· Cash flow boost	37,500	62,500
	37,500	72,500

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		
At amortised cost:		
· Interest from term deposits	653	1,028
	653	1,028

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	429,463	364,523
· Superannuation costs	38,792	53,029
· Other expenses related to employees	21,988	16,696
	490,243	434,248

Notes to the Financial Statements (continued)

Note 10 Expenses (continued)

(b) Depreciation & Amortisation Expense

	2021	2020
	\$	\$
Depreciation of Non-current Assets		
· buildings	23,618	23,618
· plant and equipment	14,500	14,800
· motor vehicles	7,274	3,348
	45,392	41,766
Amortisation of Intangible Assets		
· franchise fees	2,238	2,238
· establishment/renewal fees	8,954	8,954
	11,192	11,192
Total depreciation & amortisation expense	56,584	52,958

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

	2021	2020
	\$	\$
Finance Costs		
· Interest paid	126	11,064
	126	11,064

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

(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		14,250	25,250
· Contribution to the Community Enterprise Foundation™	10(e)	-	-
		14,250	25,250

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.

Notes to the Financial Statements (continued)

Note 10 Expenses (continued)

(e) Community Enterprise Foundation™ Contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo and Adelaide Bank Limited. 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		99,503	125,990
Contributions paid	10(d)	10(d)	-
Grants paid out		(39,638)	(28,087)
Interest received		604	1,600
Management fees incurred		-	-
Balance available for distribution		60,469	99,503

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	28,862	97,651
Deferred tax expense	195	1,677
Adjustment to deferred tax due to change in tax rate in future period	52	90
	29,109	99,418

(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%)	37,109	116,175
Add Tax Effect Of:		
· Non-assessable income	(9,750)	(17,187)
· Non-deductible expenses	1,698	340
· Adjustment to deferred tax due to change in tax rate in future period	52	90
Income tax attributable to the entity	29,109	99,418
The applicable weighted average effective tax rate is:	20.40%	23.53%

Notes to the Financial Statements (continued)

Note 12. Cash & Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and on hand	112,765	166,420
Short-term bank deposits	-	150,000
	112,765	316,420

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	64,177	84,080
Other receivables	257	12
	64,434	84,092

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 and Adelaide Bank Limited 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. Financial Assets

	2021	2020
	\$	\$
At Amortised Cost		
Term deposits	250,000	-
	250,000	-

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

Note 15. Other Assets

	2021	2020
	\$	\$
Prepayments	7,111	7,284
	7,111	7,284

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.

Notes to the Financial Statements (continued)

Note 16. Property, Plant & Equipment

(a) Carrying Amounts

	2021 \$			2020 \$		
	At Cost	Accumulated Depreciation	Written Down Value	At Cost	Accumulated Depreciation	Written Down Value
Land	667,000	-	667,000	667,000	-	667,000
Buildings	944,697	(116,061)	828,636	944,697	(92,443)	852,254
Plant & equipment	167,793	(87,098)	80,695	167,793	(72,598)	95,195
Motor vehicles	29,096	(10,622)	18,474	29,096	(3,348)	25,748
	1,808,586	(213,781)	1,594,805	1,808,586	(168,389)	1,640,197

(b) Movements in Carrying Amounts

	Land \$	Buildings \$	Plant & Equipment \$	Motor Vehicles \$	Total \$
2021					
Opening carrying value	667,000	852,254	95,195	25,748	1,640,197
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	(23,618)	(14,500)	(7,274)	(45,392)
Closing carrying value	667,000	828,636	80,695	18,474	1,594,805
2020					
Opening carrying value	667,000	875,872	103,317	-	1,646,189
Additions	-	-	6,678	29,096	35,774
Disposals	-	-	-	-	-
Depreciation expense	-	(23,618)	(14,800)	(3,348)	(41,766)
Closing carrying value	667,000	852,254	95,195	25,748	1,640,197

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2021 (2020: None).

(d) 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.

Notes to the Financial Statements (continued)

Note 17. Intangible Assets

(a) Carrying Amounts

	2021 \$			2020 \$		
	At Cost	Accumulated Amortisation	Written Down Value	At Cost	Accumulated Amortisation	Written Down Value
Franchise fees	81,192	(80,258)	934	81,192	(78,020)	3,172
Establishment/renewal fees	154,769	(151,039)	3,730	154,769	(142,085)	12,684
	235,961	(231,297)	4,664	235,961	(220,105)	15,856

(b) Movements in Carrying Amounts

	Franchise Fees \$	Establishment / Renewal Fees \$	Total \$
2021			
Opening carrying value	3,172	12,684	15,856
Additions	-	-	-
Disposals	-	-	-
Amortisation expense	(2,238)	(8,954)	(11,192)
Closing carrying value	934	3,730	4,664
2020			
Opening carrying value	5,410	21,638	27,048
Additions	-	-	-
Disposals	-	-	-
Amortisation expense	(2,238)	(8,954)	(11,192)
Closing carrying value	3,172	12,684	15,856

Notes to the Financial Statements (continued)

Note 18. Tax Assets & Liabilities

(a) Current Tax

	2021	2020
	\$	\$
Income tax payable/(refundable)	(4,231)	54,484

(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 \$	Recognised in Equity \$	30 June 2021 \$
Deferred Tax Assets				
· Expense accruals	9,735	(8,735)	-	1,000
· Employee provisions	16,583	531	-	17,114
Total deferred tax assets	26,318	(8,204)	-	18,114
Deferred Tax Liabilities				
· Accrued income	3	61	-	64
· Property, plant & equipment	24,763	(8,018)	-	16,745
Total deferred tax liabilities	24,766	(7,957)	-	16,809
Net deferred tax assets	1,552	(247)	-	1,305

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

	30 June 2019 \$	Recognised in P&L \$	Recognised in Equity \$	30 June 2020 \$
Deferred Tax Assets				
· Expense accruals	2,095	7,640	-	9,735
· Employee provisions	14,535	2,048	-	16,583
Total deferred tax assets	16,630	9,688	-	26,318
Deferred Tax Liabilities				
· Accrued income	-	3	-	3
· Property, plant & equipment	13,311	11,452	-	24,763
Total deferred tax liabilities	13,311	11,455	-	24,766
Net deferred tax assets	3,319	(1,767)	-	1,552

Notes to the Financial Statements (continued)

Note 19. Trade & Other Payables

	2021	2020
	\$	\$
Current		
Trade creditors	7,564	15,892
Other creditors and accruals	49,326	77,263
	56,890	93,155

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
	\$	\$
Non-Current		
Secured Liabilities		
Bank loan	2,366	1,998
Total borrowings	2,366	1,998

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured 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 are 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 Bendigo and Adelaide Bank Limited Business Flexi Loan Facility in place, secured by first registered mortgage over the property at 643 High Street, Kew East. The weighted average effective interest rate on the bank loan for the financial year was 2.79% (2020: 3.37%).

Note 21. Employee Benefits

	2021	2020
	\$	\$
Current		
Provision for annual leave	39,975	38,918
Provision for long service leave	28,076	24,734
	68,051	63,652
Non-Current		
Provision for long service leave	179	130
	179	130

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

Notes to the Financial Statements (continued)

Note 21 Employee Benefits (continued)

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 22. Issued Capital

(a) Issued Capital

	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,792,327	827,307	1,792,327	827,307
Less: equity raising costs	-	(29,089)	-	(29,089)
	1,792,327	798,218	1,792,327	798,218

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	1,792,327	1,792,327
Shares issued during the year	-	-
At the end of the reporting period	1,792,327	1,792,327

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 23. Retained Earnings

	Note	2021	2020
		\$	\$
Balance at the beginning of the reporting period		1,053,764	802,422
Profit for the year after income tax		113,617	323,035
Dividends paid	28	(53,770)	(71,693)
Balance at the end of the reporting period		1,113,611	1,053,764

Notes to the Financial Statements (continued)

Note 24 Issued capital (continued)
b) Rights attached to issued capital (continued)

Note 24. 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)	112,765	316,420
As per the Statement of Cash Flows	112,765	316,420

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

	2021	2020
	\$	\$
Profit for the year after income tax	113,617	323,035
Non-cash flows in profit		
· Depreciation and amortisation	56,584	52,958
Changes in assets and liabilities		
· (Increase) / decrease in trade and other receivables	19,658	6,902
· (Increase) / decrease in prepayments and other assets	173	496
· (Increase) / decrease in current tax assets	(4,231)	-
· (Increase) / decrease in deferred tax asset	247	1,767
· Increase / (decrease) in trade and other payables	(24,303)	11,624
· Increase / (decrease) in current tax liability	(54,484)	(46,619)
· Increase / (decrease) in provisions	4,448	10,928
Net cash flows from operating activities	111,709	361,091

Note 25. Financial Instruments

The following shows the carrying amounts for all financial instruments at amortised cost. 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	64,434	84,092
Cash and cash equivalents	12	112,765	316,420
Term deposits	14	250,000	-
		427,199	400,512
Financial Liabilities			
Trade and other payables	19	56,890	93,155
Borrowings	20	2,366	1,998
		59,256	95,153

The accompanying Notes form part of these Financial Statements

Note 26. 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

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2021	2020
	\$	\$
Short-term employee benefits	54,795	54,795
Post-employment benefits	5,205	5,205
Total key management personnel compensation	60,000	60,000

Short-term Employee Benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment Benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other Long-term Benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(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.

(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.

Notes to the Financial Statements (continued)

Note 27. Auditor's Remuneration

The appointed auditor of Kew East 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)	5,450	5,400
Total auditor's remuneration	5,450	5,400

Note 28. 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.

	30 June 2021		30 June 2020	
	¢ per share	\$	¢ per share	\$
Fully franked dividend	3	53,770	4	71,693
Dividends provided for and paid during the year	3	53,770	4	71,693

The tax rate at which dividends have been franked is 26% (2020: 27,5%).

Franking account balance

	2021	2020
	\$	\$
Franking credits available for subsequent reporting periods are:		
Franking account balance as at the beginning of the financial year	435,003	317,927
· Franking credits from payment of income tax during the financial year	87,577	144,270
· Franking debits from the payment of fully franked dividends	(18,892)	(27,194)
Franking account balance as at the end of the financial year	503,688	435,003
· Franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	(11,949)	(18,892)
· Franking (debits)/credits that will arise from (refund)/payment of income tax as at the end of the financial year	(4,231)	54,484
Net franking credits available	487,508	470,595

Notes to the Financial Statements (continued)

Note 29. 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/(loss) attributable to ordinary shareholders	113,617	323,035

	Number	Number
Weighted-average number of ordinary shares	1,792,327	1,792,327

	Cents	Cents
Basic and diluted earnings per share	6.34	18.02

Note 30. 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 31. Commitments & Contingencies

Details about any capital commitments are detailed in Note 16(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 32. Company Details

The registered office of the company is:

Kew East Financial Services Limited	643 High Street Kew East, Victoria 3101
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The principal place of business is:

Community Bank Kew East	643 High Street Kew East, Victoria 3101
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Directors' Declaration

In accordance with a resolution of the directors of Kew East 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.



Phillip Davies

Chairman

Dated this 10th day of September 2021

Independent Audit Report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEW EAST FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Kew East 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 Kew East 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
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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 blue ink, appearing to read 'KTH'.

Kathie Teasdale

Partner

Bendigo

Dated: 10 September 2021

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 **Bendigo Bank**