Annual Report 2021

Kolan/Perry Community Enterprises Limited

Community Bank
Gin Gin

ABN 21 123 507 844

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CHAIRMAN'S REPORT

The last 12 months have been an incredible journey for our business. The doors stayed open for quite some months despite the absence of a manager in place and the ever-looming threat of a Covid takeover. Thankfully, as yet we have not been affected the way the southern states have been. At some point in time, we will have to live with the virus and our business will keep on adapting to perform at its top level.

The Covid driven real estate boom has seen a lot of property sales and customers paying out their loans to cashed up buyers which has slowed our growth slightly, however, just recently this trend seems to be flattening out. Our footings have remained steady and presently stand at $141.3 million. We have 6,333 accounts and our staff have opened 564 new accounts over the past year. We have been able to declare a 9-cent dividend fully franked this year. Comparing this dividend to other bank returns shows an amazing effort.

Over the last 14 years since we opened the doors this company has put back over $1.7M back into the community. That's an exciting figure and one that we are extremely proud of.

We have had a number of staff changes over the last year. We have said goodbye to Nadine, Kirsty, and Kristy Lee and we welcome Jonathan Smith as our new Manager. Jonathan, who has been with us for about 6 months now, comes to us with over 20 years banking experience and 10 years in the motor finance industry. Also, we welcome Ryan Miller as our new Home Lending Specialist. Ryan also comes to us with a lot of banking and finance industry experience.

I would like to acknowledge and thank our dedicated and very hard-working staff for their tireless efforts in keeping our branch going forward especially during the period when we were looking for a new manager.

Unfortunately, our Childers Agency has had to close its doors early in the new financial year. The electrical appliance business where it was located was sold and the new franchise was unable to accommodate the inclusion of the Agency. This was disappointing for us as we had hoped to gain further business from the big 4 banks closing or cutting opening hours. We continue to operate the ATM's in Mt Perry, Biggenden, and Gin Gin.

Following the Royal Commission into banking, ASIC issued a directive to say we can no longer provide school banking services so that service has been terminated and the new anti-hawking laws have come into effect in October.

Our new building is still a high priority for us and reiterating from last year, we must raise our equity to approximately $2 million so we can secure the finance to start building. So, we are saving hard (thanks to our treasurer) to get to this figure as soon as possible.

If any shareholders are aware of anyone who may like to consider investing in our project, please contact Susan Bengtson. Interest return would be above fixed term deposit rates and would be negotiated on a case-by-case basis.

During the past year Rachael Brauer resigned, and Selwyn Bengtson retired as directors from our Board. Finally, I would like to thank my fellow directors for their hard work and dedication to our community bank and our communities.

Regards,

Bruce Apel

Bruce Apel
Acting Chairman

BRANCH MANAGER'S REPORT

2021 has been another challenging year for the Branch. 2020 might have seen the beginning of Covid-19 but 2021 saw how we became accustomed to living with Covid-19 and the changes to everyday branch operations. The Branch also lost three senior staff positions.

I commenced at the beginning of March 2021 and bring 34 years of banking, finance and insurance experience to the Branch. I may have only overseen the last four months of the financial year but during this timeframe, have made clear observations of where I'd like the direction of the Branch to head and will build a branch team that will continue grow all opportunities.

The Branch was without a Branch Manager (BM) and Business Development Manager (BDM) for approximately 6 months and without a Customer Relationship Officer (CRO – Lending Officer) for three of the six months. So, I had the challenge of online learning/training, learning all banking systems and being three positions in one to regain lending opportunities that were lost during this period.

It has certainly been a challenge to continue to run the Branch smoothly with limited staffing. I've heavily relied on staff and continually pestered them until I knew how to complete a task. All have been fantastic in assisting me, especially Kylie and Emily being the longer serving staff. Before I started, it was Kylie that was tasked with running the Branch when all the staffing chaos eventuated.

The pleasing results amongst all this chaos was that the Branch met nearly all its set budgets for the year. The only disappointment was the lending results which were affected by lending staff shortages. The other factor was the Covid-19 property boom in the Qld rural regions. Since Feb/Mar this year, locals have been getting higher than expected prices brought on by southern buyers moving away from NSW and VIC, not needing to borrow and purchase with cash.

As mentioned by our Chairman, the Childers Agency will close early in the new financial year. It's disappointing this has to happen; however, it doesn't mean customers in Childers or other areas outside of Gin Gin will be ignored. A lot of customers know I will come to them rather than them coming to me. I will also have a new Home Lending Specialist commencing early in the new financial year by the name of Ryan Miller. Ryan has a very similar background to me and will also be mobile to support customers who can't come to our Branch.

I must thank all our current customers who have been wonderfully patient with all the staffing issues and until I could get up to speed. It is also very pleasing to welcome any new customers gained during the year. It is, after all, the combination of you that make the Branch what it is and allow the board to continue to be able to support the local community.

One of the reasons I accepted the position, was the fact Community Banks give back to the community. It has been particularly pleasing that we have continued to assist our Not for Profit groups throughout the year. Since Gin Gin Community Bank commenced, $1.7m in assistance has been handed to community groups. This is also why I'm driven to improve all branch results to ensure profits continue so our Board has the opportunity to hand back to the community.

I'm also keen to continue to return profits to our shareholders and encourage all shareholders to bring new customers into the branch so that we can continue to grow along with the community.

Royal Commissions, and all sorts of changes in legislation has proven to be a challenge again for 2021 and will continue into 2022. These changes are essential to ensure customers continued protection. As things settle down following the recent changes, we are looking forward to being able to assist more customers and members of the community with their financial requirements.

BRANCH MANAGER'S REPORT cont...

A huge thank-you to the loyal and dedicated staff of the Branch for their ongoing commitment to assist every customer. Without them, banking at Gin Gin would be very different.

I would like to also thank the board for accepting me as their next Branch Manager and into Community Banking. In the short time I've been employed, I have found the Community Banking way to be a great experience and completely different compared to the other big 4. So far, it's been very challenging, frustrating at times, but most of all rewarding.

I know I'll be here for many years to follow.

Jonathan Smith
Branch Manager

DIRECTOR'S REPORT

The directors present their financial statements of the company for the financial year ended 30 June 2020.

Directors

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

David Bruce Apel
Chair
Occupation: Grazier
Qualifications, experience and expertise: Managed family cattle property and business for 27 years. Associate Diploma in Farm Business Management, Member of local Drought Committee, former Kolan Shire councillor and chair of the fire brigade.
Special responsibilities: Human Resources Committee, Asset Management Committee, Marketing Committee
Interest in shares: 13,000 ordinary shares

Paul Robert Stehbens
Vice Chair
Occupation: School Principal
Qualifications, experience and expertise: Paul was a trade qualified boilermaker who has worked primarily in the earthmoving industry up until completing his Bachelor of Teaching in 1997. His teaching career began at Rosedale State School in 1998. He was appointed as Head of Department at Gin Gin State High School in 2001 and since then has worked as Deputy Principal and now Principal within the school. He has been part of Kolan Perry Community Enterprises since its inception in 2007 and has held positions of President and Vice President of the Gin Gin Show Society as well as positions within the Gin Gin Primary School P&C Association.
Special responsibilities: Human Resources Committee, Marketing Committee
Interest in shares: 5,001 ordinary shares

DIRECTOR'S REPORT

Margaret Ann Flanders
Company Secretary
Occupation: University Lecturer
Qualifications, experience and expertise: Employed over 25 years with CQ University at Bundaberg Campus. She holds a Bachelor of Commerce, Diploma of Tertiary Studies and a Master Applied Science (Res) CQU. Currently a member of ESA International, Beta Epsilon, Gin Gin Branch and a member of the AIM (Australian Institute of Managers). Margaret has been a director of the company for over six years.
Special responsibilities: Company Secretary, Marketing Committee
Interest in shares: 1,500 ordinary shares

Susan Louise Bengtson
Treasurer
Occupation: Marketing/Publicity Officer
Qualifications, experience and expertise: Part of the Board of Kolan/Perry Community Enterprises since the steering committee. Canegrowers Isis Limited Director, President of Gin Gin State High School P & C.
Special responsibilities: Strategic Growth & Risk Management Committee, Public Relations/Marketing & Branch Development, Treasurer
Interest in shares: 5,501 ordinary shares

Brian William Flanders
Non-executive director
Occupation: Retired Principal Technical Officer
Qualifications, experience and expertise: Life Member of Apex, Justice of the Peace (Qualified), Certificate of Management, Patron of Gin Gin Scout Group, Previous Kolan Shire Councillor.
Special responsibilities: Audit/Governance Committee
Interest in shares: 1,001 ordinary shares

Wendy Margaret Burgess
Non-executive director
Occupation: Small Business Owner
Qualifications, experience and expertise: Wendy has previously worked in the Aged Care industry, as well as being an Australia Post contractor for many years. She has been involved in Ag Shows for many years as a competitor, volunteer and committee member at local and state level.
Special responsibilities: Nil
Interest in shares: 500 ordinary shares

Philip John Finlay
Non-executive director
Occupation: Primary Producer
Qualifications, experience and expertise: Philip is a third generation primary producer in the Gin Gin area. He has been involved with the Gin Gin Rugby League Football Club most of his life, including playing on the team and being president for four years. He is currently Vice President and also received life membership. Philip is also an executive member of the Gin Gin Show Society where he has volunteered for many years.
Special responsibilities: Nil
Interest in shares: Nil share interest held

Beryl Jean Dingle-McLennan

Non-executive director *(appointed 8 April 2021)*

Occupation: Cattle Grazier

Qualifications, experience and expertise: Beryl's previous occupations have been involved in many different areas; Enrolled Nurse, Dental Practice Manager, Administration Supervisor of a FIFO Gold Mine in WA, Retail Manager and she is now back to her roots at home in Mount Perry working on her family's cattle property with her parents and brother. Beryl was on the steering committee for the Kolan Perry Community Bank during their two year drive prior to establishment and an inaugural director of the Bank in 2007. She is thrilled to have been asked to return to the Community Bank. She is currently the Secretary for the Mount Perry Community Development Board, a member of the Mount Perry Show Society and a member of the Mount Perry CWA.

Special responsibilities: Nil

Interest in shares: 1,001 ordinary shares

Rachael Elizabeth Brauer

Non-executive director *(resigned 8 April 2021)*

Occupation: Facilities Team Leader

Qualifications, experience and expertise: Rachael works in local government specialising in facility management. She possesses qualifications in building surveying, local government administration and project management.

Special responsibilities: Nil

Interest in shares: Nil share interest held

Selwyn Colin Bengtson

Non-executive director *(resigned 10 November 2020)*

Occupation: Farmer

Qualifications, experience and expertise: Director, Chairman of Local Chaplaincy committee.

Special responsibilities: Strategic Growth & Risk Management Committee,
Asset Management Committee

Interest in shares: 7,001 ordinary shares

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

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

DIRECTOR'S REPORT cont...

Principal activity

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

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

Operating results

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

	Year ended 30 June 2021	**Year ended 30 June 2020**
	$	$
	469,963	438,408

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	*Changes during the year*	*Balance at end of the year*
David Bruce Apel	13,000	-	13,000
Paul Robert Stehbens	5,001	-	5,001
Margaret Ann Flanders	1,500	-	1,500
Susan Louise Bengtson	5,501	-	5,501
Brian William Flanders	1,001	-	1,001
Wendy Margaret Burgess	500	-	500
Philip John Finlay	-	-	-
Beryl Jean Dingle-McLennan	1,001	-	1,001
Rachael Elizabeth Brauer	-	-	-
Selwyn Colin Bengtson	7,001	-	7,001

Dividends

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

	Cents per share	**Total amount $**
Final unfranked dividend	9	65,845

DIRECTOR'S REPORT cont...

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 29 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

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

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

DIRECTOR'S REPORT cont...

Directors' meetings

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

E - eligible to attend
A - number attended

	Board Meetings Attended	
	E	A
David Bruce Apel	11	9
Paul Robert Stehbens	11	10
Margaret Ann Flanders	11	10
Susan Louise Bengtson	11	11
Brian William Flanders	11	10
Wendy Margaret Burgess	11	7
Philip John Finlay	11	10
Beryl Jean Dingle-McLennan	3	2
Rachael Elizabeth Brauer	8	5
Selwyn Colin Bengtson	4	4

Proceedings on behalf of the company

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

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 28 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality 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 advocate for the company or jointly sharing risks and rewards.

DIRECTOR'S REPORT cont...

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13 of this Annual Report.

Signed in accordance with a resolution of the board of directors at Gin Gin, Queensland.

David Bruce Apel

Chairman

Dated 12th day of August 2021

AUDITOR'S INDEPENDENCE DECLARATION

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 12 August 2021

Adrian Downing
Lead Auditor

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

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	1,490,306	1,559,483
Other revenue	9	75,207	91,718
Finance income	10	245	19
Employee benefit expenses	11c)	(578,282)	(678,630)
Charitable donations, sponsorship, advertising and promotion		(22,069)	(27,058)
Occupancy and associated costs		(54,350)	(95,259)
Systems costs		(27,569)	(28,143)
Depreciation and amortisation expense	11a)	(105,507)	(68,720)
Finance costs	11b)	(3,366)	(4,807)
General administration expenses		(151,875)	(166,970)
Profit before income tax expense		**622,740**	**581,633**
Income tax expense	12a)	(152,777)	(143,225)
Profit after income tax expense		**469,963**	**438,408**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**469,963**	**438,408**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	31a)	64.24	59.92

The accompanying notes form part of these financial statements

Statement of Financial Position as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	777,858	335,927
Trade and other receivables	14a)	122,549	139,500
Total current assets		**900,407**	**475,427**
Non-current assets			
Property, plant and equipment	15a)	739,915	769,764
Right-of-use assets	16a)	56,433	105,394
Intangible assets	17a)	18,732	31,954
Deferred tax asset	18b)	14,163	5,440
Total non-current assets		**829,243**	**912,552**
Total assets		**1,729,650**	**1,387,979**
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	59,258	57,416
Current tax liabilities	18a)	126,606	136,410
Loans and borrowings	20a)	734	8,261
Lease liabilities	21a)	41,871	43,362
Employee benefits	23a)	63,295	62,351
Provisions	22a)	14,521	-
Total current liabilities		**306,285**	**307,800**
Non-current liabilities			
Lease liabilities	21b)	6,572	48,443
Employee benefits	23b)	6,834	11,878
Provisions	22b)	-	14,017
Total non-current liabilities		**13,406**	**74,338**
Total liabilities		**319,691**	**382,138**
Net assets		**1,409,959**	**1,005,841**
EQUITY			
Issued capital	24a)	712,308	712,308
Retained earnings	25	697,651	293,533
Total equity		**1,409,959**	**1,005,841**

The accompanying notes form part of these financial statements

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

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2019		712,308	(79,030)	633,278
Total comprehensive income for the year		-	438,408	438,408
Transactions with owners in their capacity as				
Dividends provided for or paid	30a)	-	(65,845)	(65,845)
Balance at 30 June 2020		**712,308**	**293,533**	**1,005,841**
Balance at 1 July 2020		712,308	293,533	1,005,841
Total comprehensive income for the year		-	469,963	469,963
Transactions with owners in their capacity as				
Dividends provided for or paid	30a)	-	(65,845)	(65,845)
Balance at 30 June 2021		**712,308**	**697,651**	**1,409,959**

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		1,725,060	1,825,325
Payments to suppliers and employees		(976,108)	(1,069,331)
Interest received		245	363
Interest paid		(223)	(4,555)
Lease payments (interest component)	21c)	(2,639)	(211)
Lease payments not included in the measurement of lease liabiliti	11d)	(14,715)	(61,897)
Income taxes paid		(171,305)	(46,842)
Net cash provided by operating activities	26	**560,315**	**642,852**
Cash flows from investing activities			
Payments for property, plant and equipment		(15,286)	(89,377)
Proceeds from sale of property, plant and equipment		13,636	-
Net cash used in investing activities		**(1,650)**	**(89,377)**
Cash flows from financing activities			
Repayment of loans and borrowings		(7,527)	(260,584)
Lease payments (principal component)		(43,362)	(2,880)
Dividends paid	30a)	(65,845)	(65,845)
Net cash used in financing activities		**(116,734)**	**(329,309)**
Net cash increase in cash held		**441,931**	**224,166**
Cash and cash equivalents at the beginning of the financial year		335,927	111,761
Cash and cash equivalents at the end of the financial year	13a)	**777,858**	**335,927**

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the year ended 30 June 2021

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
63 Mulgrave Street Gin Gin QLD 4671	63 Mulgrave Street Gin Gin QLD 4671

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 29.

Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 12 August 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Note 4 Summary of significant accounting policies

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 4 Summary of significant accounting policies

b) Other revenue

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

Revenue	*Revenue recognition policy*
Rental income	Rental income from investment properties, including property owned and right-of-use assets leased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

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

Cash flow boost

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

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

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

Note 4 Summary of significant accounting policies

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

Note 4 Summary of significant accounting policies

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

Note 4 Summary of significant accounting policies

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

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

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

Note 4 Summary of significant accounting policies

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

Asset class	*Method*	*Useful life*
Building	Straight-line	40 years
Leasehold improvements	Straight-line	over the lease term
Plant and equipment	Straight-line	1 to 40 years
Motor vehicles	Straight-line	4 to 5 years

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

h) Intangible assets

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

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

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

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

Asset class	*Method*	*Useful life*
Franchise fee	Straight-line	over the franchise term
Franchise renewal process fee	Straight-line	over the franchise term

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

i) Financial instruments

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

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

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

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

Note 4 Summary of significant accounting policies

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

Note 4 Summary of significant accounting policies

m) Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

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

b) Assumptions and estimation uncertainties

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

Note	*Judgement*
Note 21 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
Note 23 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
Note 22 - make good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities 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 contractual cash flows amounts are gross and undiscounted.

30 June 2021

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five	Greater than five years
Bank loans	734	734	-	-
Chattel Mortgage	-	-	-	-
Lease liabilities	48,443	42,910	6,682	-
Trade payables	40,154	40,154	-	-
	89,331	83,798	6,682	-

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five	Greater than five years
Bank loans	122	122	-	-
Chattel Mortgage	8,139	8,139	-	-
Lease liabilities	91,805	46,001	49,592	-
Trade payables	41,259	41,259	-	-
	141,325	95,521	49,592	-

Note 6 Financial risk management

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $777,858 at 30 June 2021 (2020: $335,927). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	1,165,996	1,197,786
- Fee income	105,877	115,426
- Commission income	218,433	246,271
	1,490,306	1,559,483

Note 9 Other revenue

	2021 $	2020 $
- Sub-leasing income	14,451	14,218
- Market development fund income	11,250	15,000
- Cash flow boost	49,506	62,500
	75,207	91,718

Note 10 Finance income

	2021 $	2020 $
- Term deposits	245	19

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

Note 11 Expenses

a) Depreciation and amortisation expense	2021 $	2020 $
Depreciation of non-current assets:		
- Buildings	4,756	4,756
- Leasehold improvements	24,073	23,670
- Plant and equipment	8,957	9,947
- Motor vehicles	5,538	13,563
	43,324	51,936
Depreciation of right-of-use assets		
- Leased land and buildings	42,746	3,562
- Leased motor vehicles	6,215	-
	48,961	3,562
Amortisation of intangible assets:		
- Franchise fee	2,204	2,205
- Franchise renewal process fee	11,018	11,017
	13,222	13,222
Total depreciation and amortisation expense	105,507	68,720

Note 11 Expenses cont...

b) Finance costs

- Bank loan interest paid or accrued	1,000	4,554
- Property Lease interest expense	1,862	211
- Unwinding of make-good provision	504	41
	3,366	4,807

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

c) Employee benefit expenses

Wages and salaries	511,157	580,137
Non-cash benefits	5,906	6,000
Contributions to defined contribution plans	48,476	55,819
Expenses related to long service leave	(10,916)	1,566
Other expenses	23,659	35,108
	578,282	678,630

d) Recognition exemption

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

The company's property leases for the Office at Biggenden and Childers Agency are on informal, month to month arrangements with no significant penalties for termination. As such the lease has been assessed as short term and exempted from recognition under AASB 16 accounting. Expenses relating to short term exempt leases are included in occupancy and associated costs expenses.

	2021 $	2020 $
Expenses relating to low-value leases	8,929	8,653
Expenses relating to short-term leases	13,100	53,244
	22,029	61,897

Note 12 Income tax expense

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax expense/(credit)		
- Current tax	161,501	141,020
- Movement in deferred tax	(9,291)	1,891
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	567	314
	152,777	143,225

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating profit before taxation	622,740	581,633
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	161,912	159,949
Tax effect of:		
- Non-deductible expenses	48	150
- Temporary differences	9,291	(1,891)
- Other assessable income	(9,750)	(17,188)
- Movement in deferred tax	(9,291)	1,891
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	567	314
	152,777	143,225

Note 13 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	777,858	335,927

Note 14 Trade and other receivables

a) Current assets

	2021 $	2020 $
Trade receivables	116,755	132,647
Prepayments	5,494	6,553
Other receivables and accruals	300	300
	122,549	139,500

Note 15 Property, plant and equipment

a) Carrying amounts	2021 $	2020 $
Land		
At cost	325,000	325,000
Buildings		
At cost	190,223	190,223
Less: accumulated depreciation	(19,988)	(15,232)
	170,235	174,991
Leasehold improvements		
At cost	185,652	176,688
Less: accumulated depreciation	(142,133)	(118,060)
	43,519	58,628
Plant and equipment		
At cost	151,456	148,133
Less: accumulated depreciation	(121,677)	(112,720)
	29,779	35,413
Motor vehicles		
At cost	-	56,330
Less: accumulated depreciation	-	(48,980)
	-	7,350
Capital works in progress		
At cost	171,382	168,382
Total written down amount	739,915	769,764

Note 15 Property, plant and equipment cont...

b) Reconciliation of carrying amounts

	Note	2021 $	2020 $
Land			
Carrying amount at beginning		325,000	325,000
Buildings			
Carrying amount at beginning		174,991	179,747
Depreciation		(4,756)	(4,756)
		170,235	174,991
Leasehold improvements			
Carrying amount at beginning		58,628	82,298
Additions		8,964	-
Depreciation		(24,073)	(23,670)
		43,519	58,628
Plant and equipment			
Carrying amount at beginning		35,413	35,977
Additions		3,323	9,383
Depreciation		(8,957)	(9,947)
		29,779	35,413
Motor vehicles			
Carrying amount at beginning		7,350	44,378
Lease asset transferred out - at cost	16b)	-	(31,076)
Lease asset transferred out - accumulated depreciation	16b)	-	7,611
Disposals		(1,812)	-
Depreciation		(5,538)	(13,563)
		-	7,350
Capital works in progress			
Carrying amount at beginning		168,382	88,388
Additions		3,000	79,994
Carrying amount at end		171,382	168,382
Total written down amount		739,915	769,764

Motor vehicles

Following the adoption of AASB 16 in the previous financial year, the company now groups its leased assets previously recognised in 'property, plant and equipment' in 'right-of-use assets'.

Capital works in progress

During the 2016/17 financial period, the company entered into a construction contract with Tyma Enterprises Pty Ltd for the construction of the Business & Community development at 51 & 53 Mulgrave Street, Gin Gin, Queensland. The company has to date incurred costs of $171,382 which have been capitalised as work in progress (WIP).

Note 16 Right-of-use assets

a) Carrying amounts

	Note	2021 $	2020 $
Leased land and buildings			
At cost		85,491	85,491
Less: accumulated depreciation		(46,308)	(3,562)
		39,183	81,929
Leased motor vehicles			
At cost		31,076	31,076
Less: accumulated depreciation		(13,826)	(7,611)
		17,250	23,465
Total written down amount		56,433	105,394

b) Reconciliation of carrying amounts

	Note	2021 $	2020 $
Leased land and buildings			
Carrying amount at beginning		81,929	-
Right-of-use assets recognised		-	85,491
Depreciation		(42,746)	(3,562)
		39,183	81,929
Leased motor vehicles			
Carrying amount at beginning		23,465	
Lease asset transferred in - at costs		-	31,076
Lease asset transferred in - accumulated depreciation		-	(1,396)
Depreciation	15b)	(6,215)	(6,215)
		17,250	23,465
Total written down amount		56,433	105,394

Note 17 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	32,555	32,555
Less: accumulated amortisation	(29,435)	(27,231)
	3,120	5,324
Franchise renewal process fee		
At cost	112,777	112,777
Less: accumulated amortisation	(97,165)	(86,147)
	15,612	26,630
Total written down amount	18,732	31,954

b) Reconciliation of carrying amounts

	2021 $	2020 $
Franchise fee		
Carrying amount at beginning	5,324	7,529
Amortisation	(2,204)	(2,205)
	3,120	5,324
Franchise renewal process fee		
Carrying amount at beginning	26,630	37,647
Amortisation	(11,018)	(11,017)
	15,612	26,630
Total written down amount	18,732	31,954

c) Changes in estimates

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

Note 18 Tax assets and liabilities

a) **Current tax**	**2021 $**	**2020 $**
Income tax payable	126,606	136,410
b) Deferred tax		
Deferred tax assets		
- expense accruals	775	755
- employee provisions	17,532	19,300
- make-good provision	3,630	3,644
- lease liability	8,352	17,845
Total deferred tax assets	30,289	41,544
Deferred tax liabilities		
- property, plant and equipment	6,330	14,802
- right-of-use assets	9,796	21,302
Total deferred tax liabilities	16,126	36,104
Net deferred tax assets (liabilities)	14,163	5,440
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(9,291)	(2,204)

Note 19 Trade creditors and other payables

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

a) **Current liabilities**	**2021 $**	**2020 $**
Trade creditors	40,154	41,259
Other creditors and accruals	19,104	16,157
	59,258	57,416

Note 20 Loans and borrowings

a) **Current liabilities**	**2021 $**	**2020 $**
Secured bank loans	734	122
Chattel mortgage	-	8,139
	734	8,261

Following the adoption of AASB 16, as at 30 June 2020 the company has grouped its 'Chattel mortgage' with over 12 months remaining previously recognised in 'loans and borrowings' in 'lease liabilities'.

b) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021 Face value	30 June 2021 Carrying	30 June 2020 Face value	30 June 2020 Carrying
Secured bank loans	3.07%	Floating	734	734	122	122
Chattel mortgage	5.37%	2021	-	-	8,139	8,139

Note 21 Lease liabilities

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

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

The company's lease portfolio includes:

- Kolan/Perry branch — The lease agreement is a non-cancellable lease with an initial term of twelve months which commenced 1 June 2020. A 12 month renewal option was exercised in May 2021. As such, the lease term end date used in the calculation of the lease liability is 31 May 2022.
- Motor vehicle — The lease agreement commenced on 24 April 2019 for a 4 year term. Upon the final payment on 24 March 2023 the registered security over the motor vehicles is removed.

a) **Current lease liabilities**	**2021** $	**2020** $
Property lease liabilities	34,000	37,091
Unexpired interest	(593)	(1,862)
	33,407	35,229
Motor Vehicle lease liabilities	8,910	8,910
Unexpired interest	(446)	(777)
	8,464	8,133
	41,871	43,362

b) **Non-current lease liabilities**		
Property lease liabilities	-	34,000
Unexpired interest	-	(593)
	-	33,407
Motor Vehicle lease liabilities	6,682	15,592
Unexpired interest	(110)	(556)
	6,572	15,036
	6,572	48,443

c) **Reconciliation of lease liabilities**		
Lease liabilities on transition		
Motor Vehicle lease liabilities caried forward	91,805	23,169
Motor vehicle lease liabilities recognised	-	71,516
Lease payments - interest expense	2,639	211
Lease payments - total cash outflow	(46,001)	(3,091)
	48,443	91,805

d) **Maturity analysis**		
- Not later than 12 months	42,910	46,001
- Between 12 months and 5 years	6,682	49,592
Total undiscounted lease payments	49,592	95,593
Unexpired interest	(1,149)	(3,788)
Present value of lease liabilities	48,443	91,805

Note 22 Provisions

a) Current liabilities	2021 $	2020 $
Make-good on leased premises	14,521	-
b) Non-current liabilities		
Make-good on leased premises	-	14,017

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as $15,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 May 2022 and unless a new lease arrangement is entered into before this date the face-value costs to restore the premises will fall due.

Note 23 Employee benefits

a) Current liabilities	2021 $	2020 $
Provision for annual leave	51,463	44,647
Provision for long service leave	11,832	17,704
	63,295	62,351
b) Non-current liabilities		
Provision for long service leave	6,834	11,878

c) Key judgement and assumptions

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

Note 24 Issued capital

a) Issued capital	2021 Number	2021 $	2020 Number	2020 $
Ordinary shares - fully paid	731,609	731,609	731,609	731,609
Less: equity raising costs	-	(19,301)	-	(19,301)
	731,609	712,308	731,609	712,308

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

Note 24 Issued capital cont...

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 275. As at the date of this report, the company had 287 shareholders (2020: 288 shareholders).

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

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

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

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

Note 25 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		293,533	(79,030)
Net profit after tax from ordinary activities		469,963	438,408
Dividends provided for or paid	30a)	(65,845)	(65,845)
Balance at end of reporting period		697,651	293,533

Note 26 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	469,963	438,408
Adjustments for:		
- Depreciation	92,285	55,498
- Amortisation	13,222	13,222
- (Profit)/loss on disposal of non-current assets	(11,824)	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	16,951	393
- (Increase)/decrease in other assets	(8,724)	2,204
- Increase/(decrease) in trade and other payables	1,842	28,567
- Increase/(decrease) in employee benefits	(4,100)	10,340
- Increase/(decrease) in provisions	504	42
- Increase/(decrease) in tax liabilities	(9,804)	94,178
Net cash flows provided by operating activities	560,315	642,852

Note 27 Financial instruments

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

	Note	2021 $	2020 $
Financial assets			
Cash and cash equivalents	13	777,858	335,927
Trade and other receivables	14	117,055	132,947
		777,858	335,927
Financial liabilities			
Trade and other payables	19	40,154	41,259
Loans and borrowings	20	734	8,261
Chattel Mortgage	20	-	8,139
Motor Vehicle lease liabilities	21	15,036	23,169
		55,924	57,659

Note 28 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	1,300	1,300
- General advisory services	2,810	1,830
- Share registry services	3,454	3,469
Total auditor's remuneration	12,564	11,399

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

David Bruce Apel
Paul Robert Stehbens
Margaret Ann Flanders
Susan Louise Bengtson
Brian William Flanders
Wendy Margaret Burgess
Rachael Elizabeth Brauer
Philip John Finlay
Selwyn Colin Bengtson

b) Key management personnel compensation

Key management personnel compensation comprised the following.	2021 $	2020 $
Employee benefits	47,500	17,477

Compensation of the company's key management personnel includes salaries, superannuation and long

Employee benefits relate to remuneration of Susan Bengston who commenced as a company employee

c) Related party transactions

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

Note 30 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	-	-	9.00	65,845
Unfranked dividend	9.00	65,845	-	-
Total dividends provided for and paid during the financial year	9.00	65,845	9.00	65,845

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

b) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	71,518	49,652
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	35,284	6,937
- Franking credits/(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	136,021	39,905
- Franking debits from the payment of franked distributions	-	(24,976)
Franking account balance at the end of the financial year	242,823	71,518
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	126,607	136,410
Franking credits available for future reporting periods	369,430	207,928

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 31 Earnings per share

a) Basic and diluted earnings per share

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

	2021	2020
	$	$
Profit attributable to ordinary shareholders	469,963	438,408
	Number	Number
Weighted-average number of ordinary shares	731,609	731,609
	Cents	Cents
Basic and diluted earnings per share	64.24	59.92

Note 32 Commitments

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

Note 33 Contingencies

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

Note 34 Subsequent events

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

DIRECTOR'S DECLARATION

In accordance with a resolution of the directors of Kolan/Perry Community Enterprises Limited, we state that:

In the opinion of the directors:

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

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

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

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

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

Bruce Apel

David Bruce Apel
Chairman

Dated 12th day of August 2021

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Chartered Accountants

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Independent auditor's report to the Directors of Kolan/Perry Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kolan/Perry Community Enterprises Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Kolan/Perry Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

INDEPENDENT AUDITOR'S REPORT cont...

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 12 August 2021

Adrian Downing
Lead Auditor

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Bendigo Bank