Annual Report 2021

Lancefield & Romsey Community Financial Services Limited

Community Bank
Lancefield & Romsey

ABN 44 093 517 714

Contents

Senior branch manager's report.

For year ending June 30 2021.

The COVID-19 pandemic continues to impact us and our communities, especially our local small businesses. We have seen a change in the way our clients interact with us, with less foot traffic through the branches and an increase in electronic banking and debit card use.

I would like to congratulate and thank the teams at both our branches and our customers for continuing to embrace the restrictions we had to undertake to keep everyone safe.

Congratulations also to 'Billie', Karen Billinghurst, who retired this year after a long and rewarding career. Her happy and chatty nature will be missed.

This financial year, customers took advantage of the increased value of the residential property market and sold homes and investment properties to reduce debt. This had an adverse effect on the loan portfolio finishing with a negative growth of $4 million. Both branches continued to grow in deposits with a fantastic growth of $25 million for the year. This year's results again can be attributed to our new and existing customers, seeking a safe haven in such uncertain times and our communities embracing us as their bank of choice.

Our customer numbers grew by 3% and this is not just through borrowers and depositors, but by customers taking out insurance, discussing their retirement plans with our consultants, and taking out our award-winning Smart Start Superannuation product.

Both branches continue to operate profitably, which comes as a benefit to our communities. We have been able to support projects such as the Neighbourhood houses, Ecotherapy Park, both Mechanics Institutes and the sponsorship of many of the local sporting clubs and the community groups in both towns.

The more successful our customers are, the more successful our local community will be, which in turn makes our Community Bank branches successful.

Congratulations and thankyou to our volunteer board of Directors for all their hard work, in another successful but challenging year.

And for anyone who hasn't experienced our friendly, professional service, please call in for a friendly chat about what we can do for you. If you are a customer, please tell your colleagues and neighbours who haven't yet made the change.

Michael O'Gorman
Senior Manager

Chairman's report.

For year ending June 30 2021.

I am pleased to be reporting to you again as the Chairman of our Community Bank branches in Lancefield and Romsey at a momentous time in the bank's history. On May 26th, 2021 we celebrated 20 years since the opening of the Lancefield branch. After an absence of eight years of banking services in Lancefield, a group of local people set the objectives of bringing back these services to our communities including: operating an efficient and profitable local business, funding projects for the future benefit of the community and providing a return to shareholders.

Their first task was to raise the required capital of $400,000 which they achieved with 270 shareholders. Brian Russell, who sadly passed away this year, chaired the first Board. Following on from Lancefield's opening, we were also pleased to open the Romsey branch in August 2005. The bank has seen 43 directors volunteer their time, skills and expertise over this period, over 5,000 accounts opened, and over $200m funds under management. Importantly, returns through dividends to our shareholders have been $818,000 over the period and approximately $2m invested back into the community.

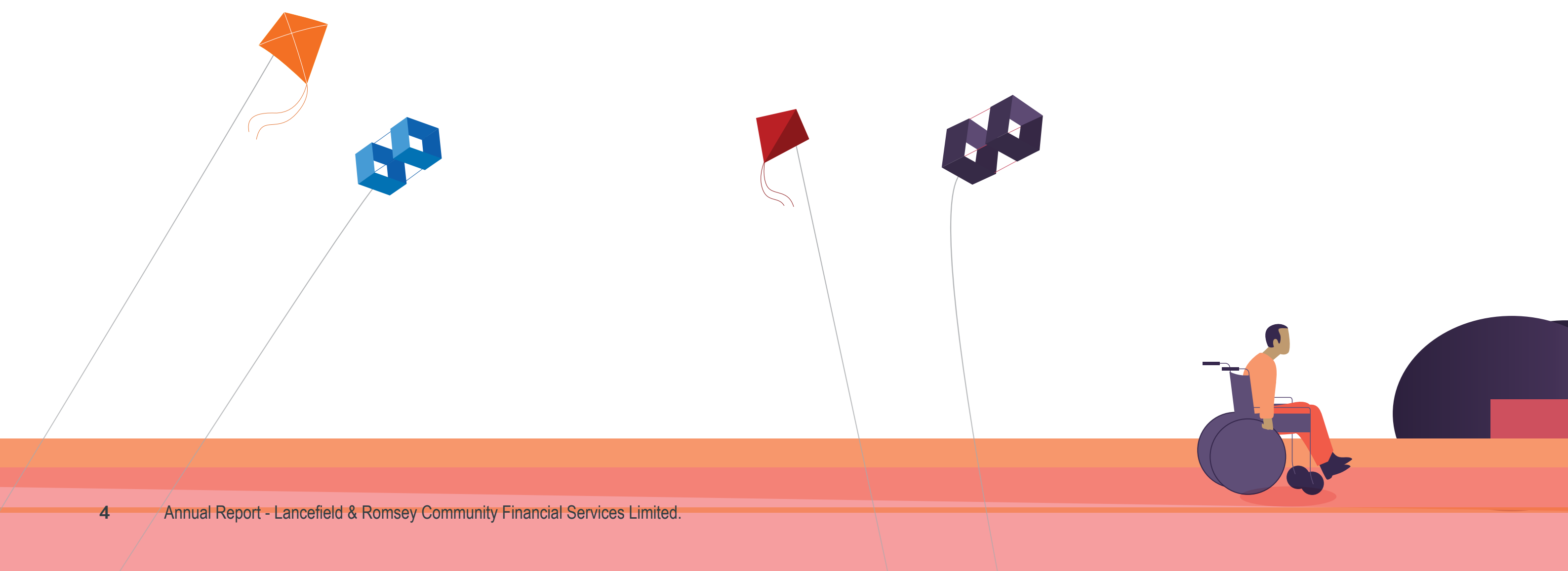
During 2020, we were in the first year of the COVID crisis and I think that many of us believed that by now, we would see a different outcome. The Delta strain however came along to remind us that it's not over yet, having a significant effect on our communities and in particular, our many small and medium enterprises. All of us have experienced unprecedented lockdowns and closures during this time. The good news is that vaccinations became available allowing us to hopefully see an end to lockdowns and a recommencement of functioning communities albeit, in a new normal way.

Similar to last year, as an essential service, our branches have remained open for business with capacity restrictions in place. I would like to express my gratitude to all of our staff who continued to service our customers diligently during this period. Our customers are front of mind during these difficult times and our team stands ready to assist in any way possible.

Our continued commitment to our community has once again resulted in us achieving growth, strong financial performance and providing excellent customer service. Our net profitability, before our investment in the community, directly and through our investment in the Community Enterprise Foundation, was $626,311 (after community investment, our net profit was $388,569). Whilst our revenue from customers was down, our employee and general administration expenses decreased by over 5% resulting from role restructuring and efficiencies. Our company also received $37,500 support through the Government's cash flow boost during the financial year. Our ongoing profitability allowed us to declare a total annual dividend of 10 cents per share, including a special 3 cents per share in recognition of our 20th anniversary.

Notwithstanding the challenges in the economy and in our communities, our continued work with our communities continues to build on the trust and faith that our shareholders and customers show in us by bringing their business to our Community Bank branches. Thank you to all.

This year, directly and through the Community Enterprise Foundation, we have been able to commit to investments in the community of $317,824, of which $188,324 was paid out during the year. Pleasingly, we awarded six students with scholarships and bursaries, including the inaugural Rebecca Harrison bursary, in memory of our staff member, Rebecca who sadly passed away last year. Due to COVID-19 restrictions on events and gatherings, the total number of requests was understandably down. With vaccination rates increasing, we are hopeful that more events will be allowed in the near future. During the financial year, our Community Investment Program (grants and sponsorships) contributed to about 30 local groups including the Romsey Men's Shed, emergency services, Relay for Life, Romsey Region Business and Tourism Association (RRBATA), Romsey and Lancefield & District Historical Society, sporting clubs and associations.



It is this investment and co-contribution to our communities' wealth that is the foundation of the Community Bank model. A large proportion of our profits are invested back into the community in the form of grants and sponsorships. This allows our community to grow, having access to better services, bringing more customers to the doors of our Community Bank branches in Romsey and Lancefield to allow us to continue our contribution. The more customers we have, the more we can invest in the community. It's a virtuous and incredibly powerful circle.

Our continued profitability and contribution to our community, demonstrates our teams' commitment to the branches, the customers and the community. Our thanks and congratulations to both of our branch teams for another strong year supporting our business particularly during these difficult and challenging times. I would also like to congratulate Leanne Showler who celebrated 20 years of service with the bank in May commencing just before the doors opened in Lancefield.

I would also like to thank our Company Secretary and Executive Officer, Bronwyn Meadows Smith, for her significant contribution during the year.

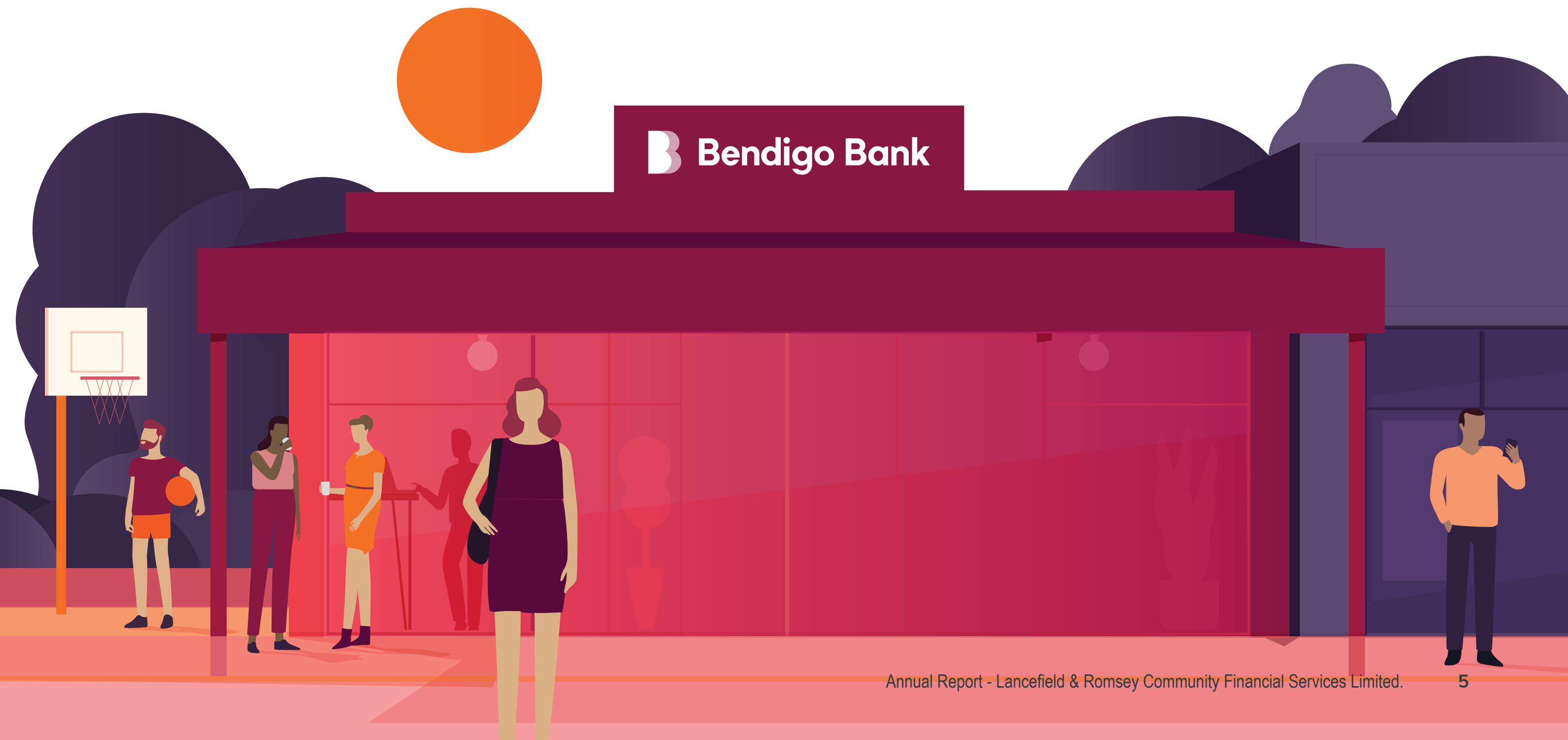
After nine years of service to the bank including Chairman, David Plunkett retired from the board in November 2020. We sincerely thank Dave for his dedicated service and contribution to the bank and the community. In addition, Gina Morgan, who joined the board in 2017, accepted a role in PNG and Tony Ede, who also joined the board in 2017, relocated to QLD. I thank both Gina and Tony for their strong contribution, playing important roles as Treasurer and Chair of the Community Investment & Marketing Committee respectively.

During the year, we were very pleased to welcome six new directors to the Board: Tracey Costar, Adam Cullinger, John Roach, Graeme Kelly, Steve Thorogood and Beverley Beaumont, all locals of either Romsey or Lancefield. I would like to sincerely thank all of our directors for their hard work and dedication to our Community Bank and for the enthusiastic contribution they continue to make to ensure that we are feeding prosperity back into the community not feeding off it. During the year, the board has continued to meet, often via video conferencing and I thank all for their dedication and patience. Due to COVID restrictions, unfortunately we have been unable to celebrate our 20th anniversary and our Community Investment: hopefully next year.

It all began with you, our shareholders – 20 years ago. Your faith, trust and commitment to our community allowed these Community Bank branches to begin. Thank you. With your support we will continue to grow and prosper and I very much look forward to building the wealth and prosperity of our community together.

S.M. Ewart

Suzie Ewart
Chairman



Director's report.

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

DIRECTORS

The directors of the company who held office during the financial year and to the date of this report are:

Suzanne Ewart Chair

Occupation: Non-Executive Director/Business Advisor

Qualifications, experience and expertise: Bachelor of Economics, CPA and Fellow of the Australian Institute of Company Directors, Suzanne is a Company Director and business adviser with a strong background in strategy, treasury, risk management and finance for some of Australia's major ASX listed companies, including NAB, BTR, Nylex, Pacific Dunlop, Fosters Group and Woodside Petroleum. She has served on several boards and has expansive corporate governance and leadership skills drawn from many years' experience in large global businesses. Her board and business experience cover a range of sectors including health, biotech, education, financial services and infrastructure. She is Chairman of Butn Ltd (ASX:BTN) and a director of Dexus Wholesale Funds Ltd. She was formerly Chair of au Domain Administration Ltd, Peter MacCallum Cancer Institute Cell Therapies and Box Hill Institute, a director of Treasury Corporation Victoria and TT Line Pty Ltd.

Special responsibilities: Board Chairman since June 2018, member of Finance & Audit Committee, member of Governance & Risk Committee

Interest in shares: nil share interest held

Robert William Bryant Non-executive director

Occupation: Business Owner/Operator

Qualifications, experience and expertise: Robert was a Director on the Board of a public company from 1996 to 1999. Robert brings his extensive local community awareness and retail expertise to his Directorship, having been a local Hardware Owner/Operator since 2000.

Special responsibilities: Chair of Property Committee and member of Marketing & Community Investment Committee

Interest in shares: 3,750 ordinary shares

Tracey Leanne Costar Non-executive director (appointed 6 July 2020)

Occupation: Analyst

Qualifications, experience and expertise: Tracey has attained a Bachelor of Business (Accounting/Banking & Finance) and is a registered Associate CPA. Tracey has extensive experience in the Resources, Utilities and not-for-profit sectors in both Australia & International. Tracey brings with her a wealth of knowledge in business process assessment & information systems management, and is currently focused on financial/accounting & Technology management.

Special responsibilities: Treasurer and Chair of Finance & Audit and member of Governance & Risk Committee

Interest in shares: nil share interest held

Adam James Cullinger Non-executive director (appointed 6 July 2020)

Occupation: Project Manager - Construction, Maintenance, Facilities Sectors

Qualifications, experience and expertise: Adam is nearing completion of a Master of Project Management and has completed multiple undergraduate studies in Construction Management & Building. Adam has a strong background in small business, commercial building and more recently project management at leading infrastructure sites across Victoria. Adam has strong skills in project and program governance, risk management and procurement amongst others.

Special responsibilities: Member of Property Committee, Governance & Risk Committee and Marketing & Community Investment Committee

Interest in shares: nil share interest held

Beverley Anne Beaumont Non-executive director (appointed 7 December 2020)

Occupation: Business Management/Administration (Retired)

Qualifications, experience and expertise: Extensive experience and exposure in a number of business management, administration, retail and human resources roles within several companies including Mobil Oil, Balgee Oil and Ardmona Fruits. An active member/volunteer in the local community, most recently as President of Romsey Tennis Club overseeing the upgrade of facilities, member of Romsey Sporting Association, and having also served as Councillor on Romsey Primary School Council.

Special responsibilities: Chair of Marketing & Community Investment Committee and member of Governance & Risk Committee

Interest in shares: nil share interest held

John Joseph Roach Non-executive director (appointed 1 February 2021)

Occupation: Growth Manager Pacific Labour Scheme

Qualifications, experience and expertise: John has previously held positions of CEO AUSVEG, the peak body for the vegetable industry in Australia; CEO of Fresh State Ltd and the Melbourne Markets Credit Service; and Executive Director of Fresh Markets Australia, the peak body for fruit and vegetable wholesalers in Australia; Industry Marketing Coordinator - Agriculture and PNG for the Pacific Labour Scheme. Experience includes over 20 years both as a Chair and a Director on both Government and Industry Councils / bodies at national and state levels. Employment skills include over a decade as a national CEO / Executive Director, very strong in stakeholder engagement; financial and organisational governance; leadership; and commercial acumen. Graduate Management Qualification (AGSM), Certificate in Agriculture.

Special responsibilities: Member of the Property Committee and Marketing & Community Investment Committee

Interest in shares: nil share interest held

Stephen Bruce Thorogood Non-executive director (appointed 1 March 2021)

Occupation: Business Manager

Qualifications, experience and expertise: Stephen is the Business Manager for Romsey and Lancefield Medical Centres. Previously he was the National Australian Manager for Mainfreight International and spent 36 years in the International logistics Industry before taking on the General Manager role at Danihers Facility Management. He has previously been the President of the Romsey Lancefield Junior Football Club for 8 years as well as a director of the World Air Cargo Organization (headquartered in the UK) from 2011 to 2015. Stephen is also a 20 year member of the Australian Institute of Management and a Licensed Customs Broker.

Special responsibilities: Member of Marketing & Community Investment Committee and Finance & Audit Committee

Interest in shares: nil share interest held

Graeme Charles Kelly Non-executive director (appointed 1 March 2021)

Occupation: Management Consultant

Qualifications, experience and expertise: Graeme was previously the CEO of the Tipping Foundation and VICdeaf. He holds a Master Degree of Business and is currently a non-executive director of the NED Harvard Club of Victoria. He is the current chair of the Non Profit Fellowship Committee and was the previous chair for Outdoors Inc.

Special responsibilities: Chair of Governance & Risk Committee and member of Finance & Audit Committee

Interest in shares: nil share interest held

Director’s report. (continued)

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

Georgia Morgan Non-executive director (resigned 25 November 2020)

Occupation: Senior Manager Business Foreign Exchange - Financial Markets

Qualifications, experience and expertise: Georgia has more than 25 years‘ experience in the banking industry. Her roles have ranged across treasury, corporate finance, marketing and sales. Georgia holds a Bachelor of Economics and a Master of Applied Finance. She is also a Member of the Australian Institute of Company Directors. She is an active member in the local community, most recently as President of the Lancefield Football Netball Club and also having served as a non-executive board member in the health industry and past Treasurer for the Macedon Ranges Vignerons Association.

Special responsibilities: Board Treasurer and Chair of Finance & Audit Committee

Interest in shares: nil share interest held

David Ross Plunkett Non-executive director (resigned 25 November 2020)

Occupation: Lawyer

Qualifications, experience and expertise: David has been a practicing lawyer since graduating with a LLB in 1994. He was the General Counsel and Company Secretary for Qenos Pty Ltd from 2001 until March 2019, at which time he commenced as General Manager - Legal and Company Secretary at SIMEC Energy Australia, being responsible for all legal and governance related matters. He has two children that attend schools in the Macedon Region and enjoys playing golf courses across the Macedon Ranges Shire.

Special responsibilities: Chair of Governance & Risk Committee

Interest in shares: nil share interest held

Antony James Ede Non-executive director (resigned 1 February 2021)

Occupation: Segment Business Manager APAC

Qualifications, experience and expertise: Antony has extensive experience in business management, sales and marketing management, business development and P&L management in Australian and international business environments. Having managed start-ups and established business and business units in Australia, Indonesia, China and the Middle East, he brings a strong level of results accountability as well as experience in developing and coaching teams which are culturally and ethnically diverse. His strengths include strategic and business growth leadership, marketing and brand development as well as the ability to relate to a diverse range of people understanding individual need and drivers.

Special responsibilities: Chair of Marketing & Community Investment Committee

Interest in shares: nil share interest held

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

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

Company Secretary

The Company Secretary is Bronwyn Meadows Smith. Bronwyn was appointed to the position of Company Secretry on 10 September 2019.

Qualifications, experience and expertise: Bronwyn has a degree in Engineering (B.Eng (Mining)) and over 25 years experience in administration and general management roles. She was Manager of Membership & Branches for The Australasian Institute of Mining & Metallurgy, and subsequently General Manager, Operations Support for international mining consultancy firm AMC Consultants.

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 ending	
	30 June 2021 $	30 June 2020 $
Profit after tax	298,110	266,095
Revaluation of investments	-	200,201
Total comprehensive income	**298,110**	**466,296**

Directors' interests

	Fully paid ordinary shares		
	Balance at start of year	Changes during the year	Balance at end of year
Suzanne Ewart	-	-	-
Robert William Bryant	3,750	-	3,750
Tracey Leanne Costar	-	-	-
Adam James Cullinger	-	-	-
John Joseph Roach	-	-	-
Beverley Anne Beaumont	-	-	-
Stephen Bruce Thorogood	-	-	-
Graeme Charles Kelly	-	-	-
Georgia Morgan	-	-	-
David Ross Plunkett	-	-	-
Antony James Ede	-	-	-

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	**10.00**	**101,070**

Significant changes in the state of affairs

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

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

Director’s report. (continued)

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors’ benefits

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

Indemnification and insurance of directors and officers

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

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

Directors’ meetings

The number of directors’ meetings (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

	Board meetings attended		Committee Meetings Attended					
			Finance and audit		Governance & Risk		Marketing & Community Investment	
Director	E	A	E	A	E	A	E	A
Suzanne Ewart	11	11	11	11	2	2	-	-
Robert William Bryant	11	11	-	-	-	-	9	5
Tracey Leanne Costar	11	11	11	10	2	1	-	-
Adam James Cullinger	11	11	-	-	-	-	8	6
John Joseph Roach	5	5	-	-	-	-	4	2
Beverley Anne Beaumont	6	6	-	-	2	1	5	5
Stephen Bruce Thorogood	4	4	3	2	-	-	3	2
Graeme Charles Kelly	4	4	4	4	2	2	-	-
Georgia Morgan	5	5	4	4	-	-	-	-
David Ross Plunkett	5	1	-	-	-	-	-	-
Antony James Ede	7	6	-	-	-	-	5	4

E: eligible to attend. **A:** number attended.

Proceedings on behalf of the company

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

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

Non audit services

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

The board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Finance & Audit Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

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

S. M. Ewart.

Suzanne Ewart, Chair

Dated this 6th day of September 2021

Auditor's independence declaration.

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Lancefield & Romsey Community Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 6 September 2021

Adrian Downing
Lead Auditor

Financial statements.

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

	Note	2021 $	2020 $
Revenue from contracts with customers	8	1,756,906	1,821,421
Other revenue	9	85,323	114,902
Finance income	10	3,111	2,984
Employee benefit expenses	11c)	(877,106)	(925,583)
Charitable donations, sponsorship, advertising and promotion		(237,742)	(258,363)
Occupancy and associated costs		(56,318)	(55,935)
Systems costs		(66,410)	(64,358)
Depreciation and amortisation expense	11a)	(85,499)	(76,546)
Finance costs	11b)	(9,471)	(15,323)
General administration expenses		(124,225)	(125,803)
Profit before income tax expense		**388,569**	**417,396**
Income tax expense	12a)	(90,459)	(151,301)
Profit after income tax expense		**298,110**	**266,095**
Other comprehensive income			
Revaluation of investments	15d)	-	200,201
Total other comprehensive income for the period		**-**	**200,201**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**298,110**	**466,296**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	30a)	29.50	26.33

The accompanying notes form part of these financial statements.

Financial statements. (continued)

Statement of Financial Position as at 30 June 2021

	Note	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	806,238	637,044
Trade and other receivables	14a)	149,182	160,229
Total current assets		**955,420**	**797,273**
Non-current assets			
Property, plant and equipment	15a)	1,604,820	1,631,144
Right-of-use assets	16a)	115,621	127,183
Intangible assets	17a)	106,530	9,702
Total non-current assets		**1,826,971**	**1,768,029**
Total assets		**2,782,391**	**2,565,302**
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	79,702	68,583
Current tax liabilities	18a)	25,002	1,781
Lease liabilities	20a)	12,682	12,018
Employee benefits	22a)	105,809	93,650
Total current liabilities		**223,195**	**176,032**
Non-current liabilities			
Lease liabilities	20b)	150,791	163,473
Employee benefits	22b)	8,647	18,453
Provisions	21a)	5,840	5,535
Deferred tax liability	18b)	23,781	28,712
Total non-current liabilities		**189,059**	**216,173**
Total liabilities		**412,254**	**392,205**
Net assets		**2,370,137**	**2,173,097**
EQUITY			
Issued capital	23a)	667,869	667,869
Retained earnings	24	1,702,268	1,505,228
Total equity		**2,370,137**	**2,173,097**

The accompanying notes form part of these financial statements.

	Note	Issued capital $	Retained earnings	Total equity $
Balance at 1 July 2019		**667,869**	**1,109,681**	**1,777,550**
Total comprehensive income for the year		-	466,296	466,296
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29	-	(70,749)	(70,749)
Balance at 30 June 2020		**667,869**	**1,505,228**	**2,173,097**
Balance at 1 July 2020		**667,869**	**1,505,228**	**2,173,097**
Total comprehensive income for the year		-	298,110	298,110
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29	-	(101,070)	(101,070)
Balance at 30 June 2021		**667,869**	**1,702,268**	**2,370,137**

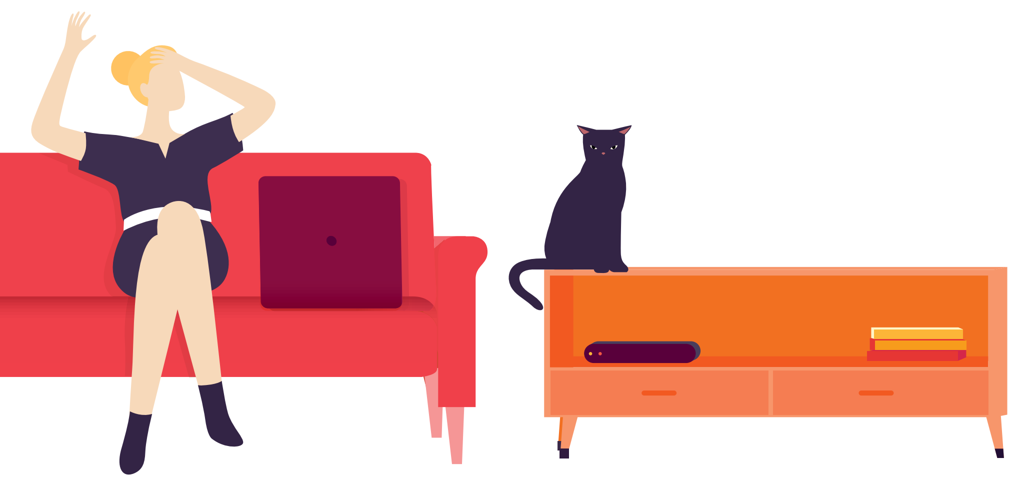
The accompanying notes form part of these financial statements.

Financial statements. (continued)

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

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		2,031,820	2,117,078
Payments to suppliers and employees		(1,496,499)	(1,627,774)
Interest received		3,111	3,073
Interest paid		-	(5,239)
Lease payments (interest component)	11b)	(9,165)	(9,794)
Lease payments not included in the measurement of lease liabilities	11d)	(30,374)	(28,644)
Income taxes paid		(72,169)	(53,491)
Net cash provided by operating activities	**25**	**426,724**	**395,209**
Cash flows from investing activities			
Payments for property, plant and equipment		(14,730)	(5,652)
Payments for intangible assets		(129,712)	-
Net cash used in investing activities		**(144,442)**	**(5,652)**
Cash flows from financing activities			
Repayment of loans and borrowings		-	(97,977)
Lease payments (principal component)		(12,018)	(11,388)
Dividends paid	29a)	(101,070)	(70,749)
Net cash used in financing activities		**(113,088)**	**(180,114)**
Net cash increase in cash held		**169,194**	**209,443**
Cash and cash equivalents at the beginning of the financial year		637,044	427,601
Cash and cash equivalents at the end of the financial year	**13**	**806,238**	**637,044**

The accompanying notes form part of these financial statements.



Notes to the financial statements.

For the financial year ended 30 June 2021.

NOTE 1. REPORTING ENTITY

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

Registered Office:	**20A High Street Lancefield VIC 3435**
Principal Place of Business:	**20A High Street Lancefield VIC 3435** **105 Main Street, Romsey VIC 3434**

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

NOTE 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties that are measured at revalued amounts or fair values at the end of each reporting period.

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 6 September 2021.

NOTE 3. CHANGES IN ACCOUNTING POLICIES, STANDARDS AND INTERPRETATIONS

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

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Revenue from contracts with customers

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

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

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.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2021.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - A) REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

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.

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 that 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

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 (CONTINUED)

b) Other revenue

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

Revenue	Revenue recognition policy
Discretionary financial contributions *(also "Market Development Fund" or "MDF" income)*	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Usefull Life
Building	Straight-line	40 years
Leasehold improvements	Straight-line	5 to 40 years
Plant and equipment	Straight-line and diminishing value	2 to 40 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 and domiciled customer accounts acquired are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2021.

NOTE 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - H) INTANGIBLE ASSETS (CONTINUED)

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

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

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

i) Financial instruments

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

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

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

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

n) Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2021.

NOTE 5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES, AND ASSUMPTIONS

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

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

a) Judgements

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

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

b) Assumptions and estimation uncertainties

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

Note	Assumptions
Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
Note 15 - fair value determining the fair value on the basis of a valuation performed by a third party	qualified valuer using quoted prices for similar assets in an active market;
Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
Note 22 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

NOTE 6. FINANCIAL RISK MANAGEMENT

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

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

a) Credit risk

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

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

b) Liquidity risk

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

Exposure to liquidity risk

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

30 June 2021

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	163,473	21,183	84,730	105,912
Trade and other payables	79,702	79,702	-	-
	243,175	**100,885**	**84,730**	**105,912**

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	175,491	21,183	84,730	84,730
Trade and other payables	68,583	68,583	-	-
	244,074	**89,766**	**84,730**	**84,730**

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 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.

The company held cash and cash equivalents of $806,238 at 30 June 2021 (2020: $637,044). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2021.

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;

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	1,561,563	1,611,499
- Fee income	86,374	95,209
- ATM income	25,047	34,876
- Commission income	83,922	79,838
	1,756,906	**1,821,422**

NOTE 9. OTHER REVENUE

	2021 $	2020 $
- Market development fund income	45,000	50,000
- Cash flow boost	37,500	62,500
- Other income	2,823	2,402
	85,323	114,902

NOTE 10. FINANCE INCOME

	2021 $	2020 $
- Term deposits	3,111	2,984

NOTE 11. EXPENSES

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Buildings	20,806	19,778
- Leasehold improvements	3,019	3,019
- Plant and equipment	17,229	20,208
	41,054	**43,005**
Depreciation of right-of-use assets		
- Leased land and buildings	11,562	11,562
Amortisation of intangible assets:		
- Franchise fee	5,734	3,944
- Franchise renewal process fee	27,149	18,035
	32,883	**21,979**
Total depreciation and amortisation expense	**85,499**	**76,546**

b) Finance costs

	2021 $	2020 $
- Bank loan interest paid or accrued	-	5,239
- Lease interest expense	9,165	9,794
- Unwinding of make-good provision	306	290
	9,471	**15,323**

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	654,514	696,438
Contributions to defined contribution plans	62,970	68,403
Expenses related to long service leave	7,468	(113)
Other expenses	152,154	160,855
	877,106	**925,583**

d) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	29,460	28,644

Notes to the financial statements. (continued)

For the financial year ended 30 June 2021.

NOTE 12. INCOME TAX EXPENSE

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax expense		
- Current tax	95,390	89,041
- Movement in deferred tax	(3,980)	49,237
- Adjustment to deferred tax on AASB 16 retrospective application	-	14,679
- Reduction in company tax rate	(951)	(1,656)
	90,459	**151,301**

b) Prima facie income tax reconciliation

	2021 $	2020 $
Operating profit before taxation	388,569	617,597
Prima facie tax on profit from ordinary activities at 26% (2019: 27.5%)	101,028	169,839
Tax effect of:		
- Non-deductible expenses	131	306
- Temporary differences	3,981	(63,916)
- Other assessable income	(9,750)	(17,188)
- Movement in deferred tax	(3,980)	49,237
- Leases initial recognition	-	14,679
- Reduction in company tax rate	(951)	(1,656)
	90,459	**151,301**

NOTE 13. CASH AND CASH EQUIVALENTS

	2021 $	2020 $
- Cash at bank and on hand	304,940	387,044
- Term deposits	501,298	250,000
	806,238	**637,044**

NOTE 14. TRADE AND OTHER RECEIVABLES

a) Current assets

	2021 $	2020 $
Trade receivables	138,387	147,864
Other receivables and accruals	10,795	12,365
	149,182	**160,229**

NOTE 15. PROPERTY, PLANT AND EQUIPMENT

a) Carrying amounts

	2021 $	2020 $
Land		
At fair value	918,120	918,120
Buildings		
At fair value	481,882	481,882
Less: accumulated depreciation	(32,661)	(11,855)
	449,221	**470,027**
Leasehold improvements		
At cost	215,957	215,957
Less: accumulated depreciation	(104,735)	(101,716)
	111,222	**114,241**
Plant and equipment		
At cost	226,237	211,427
Less: accumulated depreciation	(130,726)	(113,497)
	95,511	**97,930**
Capital works in progress		
At cost	30,746	30,826
Total written down amount	**1,604,820**	**1,631,144**

b) Reconciliation of carrying amounts

	2021 $	2020 $
Land		
Carrying amount at beginning	918,120	850,000
Reversal of impairment loss	-	68,120
	918,120	**918,120**
Buildings		
Carrying amount at beginning	470,027	357,724
Reversal of impairment loss	-	132,081
Depreciation	(20,806)	(19,778)
	449,221	**470,027**
Leasehold improvements		
Carrying amount at beginning	114,241	117,260
Depreciation	(3,019)	(3,019)
	111,222	**114,241**
Plant and equipment		
Carrying amount at beginning	97,930	113,606

For the financial year ended 30 June 2021.

NOTE 15. PROPERTY, PLANT AND EQUIPMENT - B) RECONCILIATION OF CARRYING AMOUNTS (CONTINUED)

	2021 $	2020 $
Additions	14,810	4,532
Depreciation	(17,229)	(20,208)
	95,511	**97,930**
Capital works in progress		
Carrying amount at beginning	30,826	29,706
Additions	1,120	1,120
Disposals	(1,200)	-
	30,746	**30,826**
Total written down amount	**1,604,820**	**1,631,144**

c) Changes in estimates

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

d) Fair value hierarchy

The fair value of property, plant and equipment was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued.

The company's property, plant and equipment were independently valued effective 5 December 2019 by North Western Property Valuers. The valuation resulted in an increment to the carrying amount of the property, plant and equipment resulting in a reversal of impairment of $200,201 in the statement of profit or loss and other comprehensive income.

The directors do not believe there has been a significant change in the assumptions as at balance date. The directors therefore believe the carrying amount of the property, plant and equipment reflects its fair value as at 30 June 2021.

The fair value measurement for all of the property, plant and equipment has been categorised as a Level 2 fair value based on the valuation technique used.

NOTE 16. RIGHT-OF-USE ASSETS

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	231,241	231,241
Less: accumulated depreciation	(115,620)	(104,058)
Total written down amount	**115,621**	**127,183**

b) Reconciliation of carrying amounts

	2021 $	2020 $
Leased land and buildings		
Carrying amount at beginning	127,183	231,241
Accumulated depreciation on adoption	-	(92,496)
Depreciation	(11,562)	(11,562)
Total written down amount	**115,621**	**127,183**

NOTE 17. INTANGIBLE ASSETS

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	172,908	151,290
Less: accumulated amortisation	(155,153)	(149,419)
	17,755	**1,871**
Franchise renewal process fee		
At cost	296,121	188,028
Less: accumulated amortisation	(207,346)	(180,197)
	88,775	**7,831**
Total written down amount	**106,530**	**9,702**

b) Reconciliation of carrying amounts

	2021 $	2020 $
Franchise fee		
Carrying amount at beginning	1,871	5,815
Additions	21,618	-
Amortisation	(5,734)	(3,944)
	17,755	**1,871**
Franchise renewal process fee		
Carrying amount at beginning	7,831	25,866
Additions	108,093	-
Amortisation	(27,149)	(18,035)
	88,775	**7,831**
Total written down amount	**106,530**	**9,702**

During the financial year, Lancefield and Romsey franchise fees were renewed. Both are to be amortised over the next five years to August 2025.

c) Changes in estimates

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

Notes to the financial statements. (continued)

For the financial year ended 30 June 2021.

NOTE 18. TAX ASSETS AND LIABILITIES

a) Current tax 2021

	2021 $	2020 $
Income tax payable	25,002	1,781

b) Deferred tax 2021

	2021 $	2020 $
Deferred tax assets		
- expense accruals	875	832
- employee provisions	28,614	29,147
- make-good provision	1,460	1,439
- lease liability	40,868	45,628
Total deferred tax assets	**71,817**	**77,046**
Deferred tax liabilities		
- income accruals	202	118
- property, plant and equipment	66,491	72,572
- right-of-use assets	28,905	33,068
Total deferred tax liabilities	**95,598**	**105,758**
Net deferred tax assets (liabilities)	**(23,781)**	**(28,712)**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(3,980)	(62,260)
Movement in deferred tax charged to Statement of Changes in Equity	-	14,679

NOTE 19. TRADE CREDITORS AND OTHER PAYABLES

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

a) Current liabilities

	2021 $	2020 $
Trade creditors	3,967	8,497
Other creditors and accruals	75,735	60,086
	79,702	**68,583**

NOTE 20. LEASE LIABILITIES

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%.

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:

> *Lancefield Branch*
>
> The lease agreement commenced in July 2011. A five year renewal option was exercised in July 2016. The company has two additonal five year renewal options available, which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is July 2031.

a) Current lease liabilities

	2021 $	2020 $
Property lease liabilities	21,183	21,183
Unexpired interest	(8,501)	(9,165)
	12,682	**12,018**

b) Non-current lease liabilities

	2021 $	2020 $
Property lease liabilities	190,642	211,825
Unexpired interest	(39,851)	(48,352)
	150,791	**163,473**

c) Reconciliation of lease liabilities

	2021 $	2020 $
Balance at the beginning	175,491	-
Initial recognition on AASB 16 transition	-	186,879
Lease interest expense	9,165	9,794
Lease payments - total cash outflow	(21,183)	(21,182)
	163,473	**175,491**

d) Maturity analysis

	2021 $	2020 $
- Not later than 12 months	21,183	21,183
- Between 12 months and 5 years	84,730	84,730
- Greater than 5 years	105,912	127,095
Total undiscounted lease payments	**211,825**	**233,008**
Unexpired interest	(48,352)	(57,517)
Present value of lease liabilities	**163,473**	**175,491**

Notes to the financial statements. (continued)

For the financial year ended 30 June 2021.

NOTE 21. PROVISIONS

a) Non-current liabilities

	2021 $	2020 $
Make-good on leased premises	5,840	5,535

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $10,000 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 30 June 2031, at which time it is expected the face-value costs to restore the premises will fall due.

NOTE 22. EMPLOYEE BENEFITS

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	45,847	50,962
Provision for long service leave	59,962	42,688
	105,809	**93,650**

b) Non-current liabilities

	2021 $	2020 $
Provision for long service leave	8,647	18,453

c) Key judgement and assumptions

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

NOTE 23. ISSUED CAPITAL

(a) Issued capital.	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	1,010,700	970,700	1,010,700	970,700
Less: return of capital	-	(252,675)	-	(252,675)
Less: equity raising costs	-	(50,156)	-	(50,156)
	1,010,700	**667,869**	**1,010,700**	**667,869**

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

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

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

Notes to the financial statements. (continued)

For the financial year ended 30 June 2021.

NOTE 24. RETAINED EARNINGS

	Note	2021 $	2020 $
Balance at beginning of reporting period		1,505,228	1,148,381
Adjustment for transition to AASB 16		-	(38,700)
Net profit after tax from ordinary activities		298,110	466,296
Dividends provided for or paid	29a)	(101,070)	(70,749)
Balance at end of reporting period		**1,702,268**	**1,505,228**

NOTE 25. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2021 $	2020 $
Net profit after tax from ordinary activities	298,110	466,296
Adjustments for:		
- Depreciation	52,616	54,567
- Amortisation	32,883	21,979
- (reversal of) impairment losses on property, plant and equipment	-	(200,201)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	11,047	(108)
- (Increase)/decrease in other assets	-	67,317
- Increase/(decrease) in trade and other payables	11,119	(34,286)
- Increase/(decrease) in employee benefits	2,353	(11,137)
- Increase/(decrease) in provisions	306	289
- Increase/(decrease) in tax liabilities	18,290	30,493
Net cash flows provided by operating activities	**426,724**	**395,209**

NOTE 26. FINANCIAL INSTRUMENTS

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

	Note	2021 $	2020 $
Financial assets			
Cash and cash equivalents	13	304,940	387,044
Term deposits	13	501,298	250,000
Trade and other receivables	14	149,182	160,229
		806,238	**637,044**
Financial liabilities			
Trade and other payables	19	79,702	68,583
Lease liabilities	20	163,473	175,491
		243,175	**244,074**

Bendigo Bank

NOTE 27. AUDITOR'S REMUNERATION

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	600	600
- General advisory services	1,930	3,255
- Share registry services	5,741	1,900
Total auditor's remuneration	**13,271**	**10,555**

NOTE 28. RELATED PARTIES

a) Details of key management personnel

The directors of the company during the financial year were:

- Suzanne Ewart
- Robert William Bryant
- Tracey Leanne Costar
- Adam James Cullinger
- John Joseph Roach
- Beverley Anne Beaumont
- Stephen Bruce Thorogood
- Graeme Charles Kelly
- Georgia Morgan
- David Ross Plunkett
- Antony James Ede

b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member. There are no executives within the company whose remuneration is required to be disclosed.

c) Related party transactions

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

Notes to the financial statements. (continued)

For the financial year ended 30 June 2021.

NOTE 29. DIVIDENDS PROVIDED FOR OR PAID

a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	10.00	101,070	7.00	70,749

b) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	778,592	742,328
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	-	(32,769)
- Franking credits from the payment of income tax instalments during the financial year	72,557	95,869
- Franking debits from the payment of franked dividends	(35,511)	(26,836)
Franking account balance at the end of the financial year	**815,638**	**778,592**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	43,993	1,781
Franking credits available for future reporting periods	**859,631**	**780,373**

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

NOTE 30. EARNINGS PER SHARE

a) Basic and diluted earnings per share

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

	2021 $	2020 $
Profit attributable to ordinary shareholders	298,110	266,095

	Number	Number
Weighted-average number of ordinary shares	1,010,700	1,010,700

	Cents	Cents
Basic and diluted earnings per share	29.50	26.33

NOTE 31. COMMITMENTS

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

NOTE 32. CONTINGENCIES

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

NOTE 33. SUBSEQUENT EVENTS

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

Director's declaration.

In accordance with a resolution of the directors of Lancefield & Romsey Community Financial Services Limited, we state that:

In the opinion of the directors:

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

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

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

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

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

Suzanne Ewart
Chair

Dated this 6th day of September 2021

61 Bull Street
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03 5443 0344

Independent auditor's report to the Directors of Lancefield & Romsey Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lancefield & Romsey Community Financial Services Limited's (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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

AFS
Partners in success
Chartered Accountants

61 Bull Street
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

Independent audit report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 6 September 2021

Adrian Downing
Lead Auditor

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/communitybanklancefieldromsey

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_3604223 04/10/2021