



# Annual Report 2021

Midwest Community  
Enterprises Limited

Community Bank  
Geraldton

ABN 90 132 512 460

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# Chairperson's report

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For the year ending 30 June 2021

For another 12 months, with changing economic conditions and social challenges in society in general, your Bendigo Community Bank has continued to grow and flourish and continue to make lasting and positive contributions to our wonderful Midwest community. Our whole staff, led by our Manager Jody Beven, and with some talented additions due to growth, have committed to enhance our growing reputation for service and efficiency.

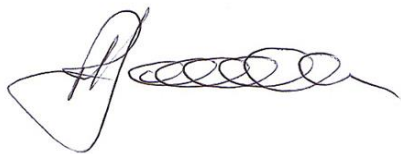
We have now created an organization that can fund and assist so many of the committed and passionate people in our community to continue the great ideas, programs and change initiatives that have previously been left to wither.

I love what has been created and am so excited about the opportunities ahead.

Our community has become more isolated. We know and understand more than we ever have, but we know less about each other. We have more digital friends but understand less about our closest neighbors. We have been divided more socially and economically than ever before, and when we need things our first resort is the Government, and not each other. We share digitally, but don't share physically and with genuine empathy.

So, let's use our Community Bank to start the regeneration, the rethinking and create the opportunities that bring us all back together in every way possible. We will provide the support to facilitate and make this happen ..... let's judge our community by measuring the gap between inclusiveness and isolation and bring people closer together.

Thank you to the Board of Directors, our Community Bank staff, our shareholders, our customers and our partners at Bendigo ..... together we will continue to grow your very own Community Bank in the Midwest.

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a series of loops and a trailing line.

Rob Houwen  
Chairperson  
Midwest Community Enterprises Limited

# Manager's report

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## For the year ending 30 June 2021

The 2020/21 financial year was another challenging but ultimately rewarding one for everyone involved in our business, not the least after some of the issues experienced by all of Australia from the Covid-19 pandemic. Despite these challenges our branch business volumes, income and profitability all grew at near record levels compared to our previous 11 years of operation.

Over the year total balances held by customers with us increased by \$30.8 million (11.3%) and by June 2021 we had 6,166 accounts operated by 4,245 clients which reflect increases of 787 (14.6%) and 427 (11.2%) respectively on the prior year. This growth was consistent, although slightly higher, with previous years and represented a strong outcome during a difficult period. What was most pleasing during this past year was that our income grew by 8.33% from 2019/20 off the back of the increase in business volumes, despite ongoing pressure on margin income due to the low interest rate environment.

Even with the significant increase in business volumes and active accounts we also maintained good budgetary control with only a slight increase in expenses of 3.12% compared to the prior year, after adjusting for discretionary spending. In an environment where costs are difficult to contain, and where we continued to take on a lot of new clients, this is a very pleasing outcome.

While the low interest rate environment continued (and looks likely to well into the foreseeable future and with a potentially negative impact on margins in banking), we managed to record a very strong profit before tax of \$274,578. This is despite running 2 Community Grant rounds during the year with close to \$120,000 distributed to over 60 groups and clubs. A better comparison of our earnings is based on our profit before the discretionary spend on Grants, Marketing and Sponsorship which increased from \$344,401 in 2019/20 to \$432,850 in 2020/21. This represents an annual increase of 25.68% and an average over the past 4 years of 18.40%.

This past financial year also saw us continue in our payments to our shareholders, with another capital return of 10c per share, which resulted in \$140,000 being distributed to our local community. We are confident we can maintain both a return to shareholders and distribution of grant funds every year from now on thanks to the solid business base that is now in place.

As usual there have been a number of changes in the staffing of the branch and in the support, teams provided by Bendigo and Rural Bank, but the continued amount of positive feedback I get from our customers about the service provided by our staff makes me incredibly proud of the work they do every day, both in the branch and in the community.

The board, ably led by Rob Houwen, continues to provide fantastic support and direction to the staff and are looking for any opportunity to promote our business and introduce their friends and business associates to our staff. Unfortunately, we did have Harold McCashney retire during the past few months and we will sorely miss his humour, wisdom, and passion he brought since being part of the pre-opening advisory committee from 2007. The ongoing commitment and vision of all our directors is the inspiration for our staff, and their continual review of our business planning is vital to meet the constantly changing market in which we operate.

While the early signs for 2021/22 are that the economic and business environments in which we operate are not going to get any easier, we have built a robust business and have laid the foundations to continue to grow strongly despite the external factors. In fact, our business growth across the early stages of the new financial year have been in excess of \$5 million and active opportunities across all sectors of the market are currently very strong. Now more than ever we need to be flexible, agile and focussed on both short term outcomes and long term goals.

We ask that all our shareholders continue to support us, with your banking business and by promoting our service and experience with your families, friends and acquaintances. This support is what enables us to reward you with capital returns and dividends in the future.

I am looking forward to sharing our continued success with you in coming years.

Regards,



Jody Beven  
Branch Manager

# Our Community Bank Team

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**Jody Beven**

Branch Manager

Commencement Date: April 2009



**Kate York**

Assistant Branch Manager

Commencement Date: May 2013



**Sarah Thurkle**

Business Development Manager

Commencement Date: March 2015



**Kelly Eastough**

Branch Operations Manager

Commencement Date: January 2012



**Mandy Woodman**

Customer Relationship Officer

Commencement Date: June 2009



**Carly Kay**

Customer Relationship Manager

Commencement Date: August 2021

## Our Community Bank Team (continued)

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**Melissa Nillson**

Relationship Consultant

Commencement Date: October 2014



**Renee Marchetti**

Senior Customer Service Officer

Commencement Date: August 2017



**Gemma Jones**

Customer Service Officer

Commencement Date: December 2019



**Emma O'Brien**

Customer Service Officer

Commencement Date: June 2020



**Jordan Matthewman**

Customer Service Officer

Commencement Date: October 2020

# Return of Capital Payments History

For the year ending 30 June 2021

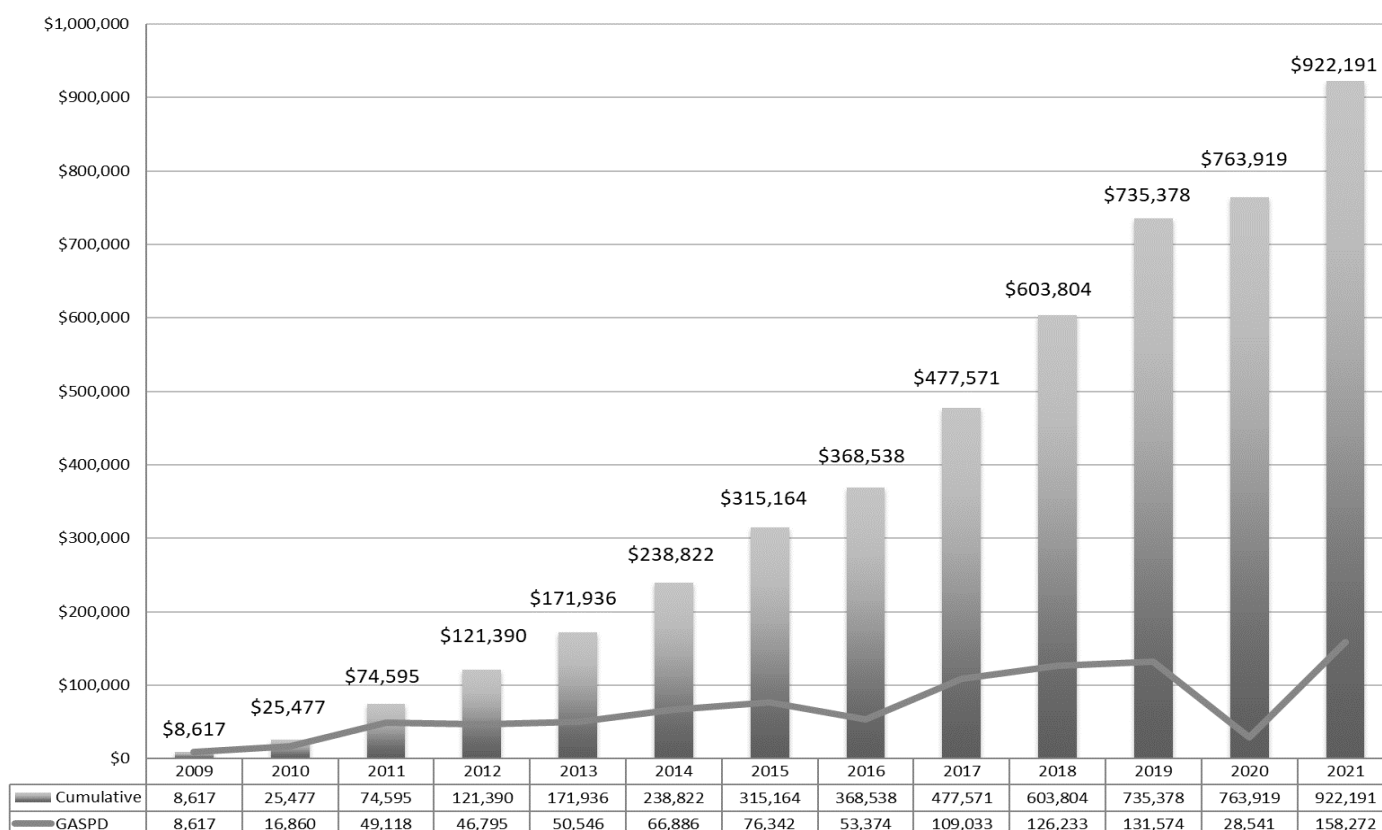
Return of Capital to Shareholders		
Financial Year	Amount Per Share	Date Paid
2020/2021	.10	27 November 2020
2019/2020	.10	29 November 2019
2018/2019	.10	30 November 2018
2017/2018	.10	30 November 2017
2016/2017	.05	30 November 2016

## Sponsorship & Contributions Report

In the Financial Year 2020/2021, a total of \$158,272 was contributed to the Mid-West community via grants, advertising, sponsorship, promotion and donations. This was an increase on the previous financial year as we were unable to have a community grants round due to Covid-19. Because of this reason, we held 2 community grant rounds this financial year with close to \$120,000 distributed to over 60 groups and clubs.

Since opening the branch in 2009, a total of \$922,191 has been contributed to the Mid-West community, of which \$553,653 has been distributed over the past 5 years.

### Annual and cumulative contribution to Geraldton community since opening via grants, advertising, sponsorship, promotion and donation (GASPD).





# Sponsorship & Contributions Report (continued)

For the year ending 30 June 2021

Date	Recipient	Purpose
1/07/2020	Geraldton Pro Shop	Prizes - Gift Vouchers
11/08/2020	Spalding Park Golf Club	Sponsorship - Ladies Day
13/08/2020	Walkaway Polocrosse Club	"A" Grade Sponsorship for 2020 Tournament
9/09/2020	Towns Football Club	Signage on Scoreboard
28/10/2020	Hollomby Foundation	2021 Scholarships
29/10/2020	RSPCA	RSPCA Donation
9/11/2020	Beachlands Primary School	Excellence in Education Awards
14/11/2020	125 Years Working Group	Celebrating Mullewa's 125 Years
14/11/2020	Geraldton and Districts Kennel Club	24 Jumps for Agility and Jumping Competitions
14/11/2020	Midwest Yellow Ribbon for Life Inc	Mental Health First Aid for the Suicidal Person
14/11/2020	St John's School	Sporting in Style
14/11/2020	Mid West Cat Shelter	Replacing Computer Equipment
14/11/2020	Midwest Multicultural Association	Harmony Festival 2021
14/11/2020	Wandina Primary School - Hockey Club	Hockey Club Uniforms
14/11/2020	Binnu Primary School	Binnu Primary School- Small School Hub Activities
14/11/2020	Chapman Valley Primary School	Travel for Curriculum Development
14/11/2020	Desert Blue Connect	Mum's Mental Health and Wellness Expo
14/11/2020	Batavia Coast Baseball League	State Teeball Championship Uniforms
14/11/2020	Geraldton Clay Target Club	Wheelchair Access to Competition Layout
14/11/2020	Mullewa Community Resource Centre	Reinventing the Mullewa CRC Community Space
14/11/2020	Wandina Primary School P&C Association	Sea Container Storage
14/11/2020	Ngala	LEAD 2021
14/11/2020	Rookies TeeBall Club	Equipment Overhaul
14/11/2020	Woorree Park BMX Club	Repairs to Asphalt Surface
14/11/2020	11th Battalion Living History Unit	Uniform/ Equipment Replacement
14/11/2020	Yuna Primary School	Small Schools Collaboration
14/11/2020	Walkaway Sporting Complex	Installation of New Kitchen
14/11/2020	Rotary Club of Geraldton Greenough	Combined Rotary Geraldton Inaugural Soapbox Derby
14/11/2020	Friends of Geraldton Gardens	Signage for Stage 1 Geraldton Botanic Garden
14/11/2020	Geraldton Little Athletics	Start Our Race, Timing System
14/11/2020	The Menshed Geraldton	Dust Extraction Fans
14/11/2020	Walkaway Polocrosse Club	Midwest Mini Junior Uniforms
14/11/2020	The Geraldton Community Toy Library	Purchase Outdoor Play Equipment
14/11/2020	Geraldton Rovers Soccer Club	Junior Sporting Equipment Purchase
14/11/2020	Boomerang Bags	Group Sewing Activity & Signage



## Sponsorship & Contributions Report (continued)

For the year ending 30 June 2021 (continued)

Date	Recipient	Purpose
25/11/2020	Central Regional TAFE	Scholarship Program Semester 1 and 2
26/11/2020	GOPP	Variety Club Midwest Kids
28/11/2020	Geraldton Pro Shop	Sponsorship of Golf Day
8/12/2020	Centacare	2020 Christmas Appeal
10/12/2020	The Salvation Army	Christmas Appeal/Hampers
28/01/2021	Geraldton Country Golf Week	Country Golf Week
7/02/2021	Geraldton Regional Cricket Board	GRCB 2020/2021 season
12/02/2021	WIBBS	Women Inspiring Better Business
23/02/2021	Mullewa Anglican Parish	Donation for Celebration of Centenary - St. Andrews
26/02/2021	For A Better Chapman Valley (FABCV)	Rainmaker Dance
16/03/2021	WA Summer Bushfire Appeal	WA Summer Bushfire Appeal
31/03/2021	Binnu Primary School	School Shirts & Wheelie Wednesdays (go-carts)
31/03/2021	Carnamah District High School	Beyond Youth Mentoring Program
31/03/2021	Chapman Valley Primary School	Small School Hub Days
31/03/2021	Coorow Primary School	Class Conversion
31/03/2021	Dongara District High School	Horticulture Program
31/03/2021	Eneabba Primary School	Sun Shelter
31/03/2021	Mingenew Primary School	Aboriginal Meeting Area
31/03/2021	Morawa District High School	School Mural
31/03/2021	Northampton District High School	Choir Festival
31/03/2021	Our Lady of Mt Carmel - Mullewa	Water Trough
31/03/2021	Perenjori Primary School	Signage - Positive Behaviour
31/03/2021	St Mary's School Northampton	Learning Upgrades
31/03/2021	Three Springs Primary School	Outdoor Classroom/Sand pits
31/03/2021	Walkaway Primary School	Equipment for STEM programs
31/03/2021	Yuna Primary School	Outdoor Learning Environment
2/06/2021	Geraldton Pro Shop	Prizes - Gift Vouchers
22/06/2021	Mullewa District Agricultural Society	Gold package
23/06/2021	Wandina Playgroup	Hospitality Equipment for Wandina Playgroup
23/06/2021	Geraldton Golf Club	All access toilet
23/06/2021	Carnamah Perenjori Football Club	New Beginnings, New Ideas , New Memories
23/06/2021	Yacht Club Hockey Club	Junior Girls - Uniform
23/06/2021	Islamic Association of Geraldton	Expansion of Undercover Area
23/06/2021	Casuals Swans Hockey Club	Uniforms
23/06/2021	Batavia Coast Miniature Railway Society	New Bogies for New Passenger Wagons

## Sponsorship & Contributions Report (continued)

For the year ending 30 June 2021 (continued)

Date	Recipient	Purpose
23/06/2021	Bluff Point Strathalbyn Cricket Club	Club Uniform Upgrade
23/06/2021	Wednesday Sewing Group	Quilts for the community
23/06/2021	Geraldton Toy Library	Emotionally Healthy Kids
23/06/2021	Wandina Primary School - Year 6 Fundraising, Sub-Committee	Grade 6 Enterprise Day
23/06/2021	Rotary Club of Geraldton	HMAS SYDNEY II 80th Anniversary Nov 2021
23/06/2021	Mullewa Community Resource Centre	Community Through Food
23/06/2021	Great Northern Football League (GNFL)	GNFL season 2021 60th Year celebration
23/06/2021	Desert Blue Connect	Community Respect & Equality Summit
23/06/2021	Rock to Rock Parkinson's Fundraising Group	Rock to Rock Tour
23/06/2021	Walkaway Pony Club	New Jumps for Show
23/06/2021	Mid West Cat Shelter	Clothesline for Animal Bedding
23/06/2021	Geraldton Junior Soccer Association	Futsal Centre Shade
23/06/2021	Woorree Park BMX Club	Canteen Equipment Upgrade
23/06/2021	Geraldton Panthers Netball Club	2021 Team Skill Development
23/06/2021	Walkaway Polocrosse Club	Sideline Score Boards
23/06/2021	11th Battalion Living History Unit	Cyclone Damage Restoration
23/06/2021	Mount Tarcoola PS, Sub-Junior Hockey	Hockey Gear
23/06/2021	Chapman Valley Junior Football Club	Equipment & New Jumpers
23/06/2021	Ngala	Paint Geraldton REaD
23/06/2021	Abrolhos Football Club	Equipment
23/06/2021	Walkaway Primary School P&C Association	Year 6 School Camp
23/06/2021	Mullewa Polocrosse Club	Ablution Upgrade
23/06/2021	Binnu Primary School	Binnu Primary School Wellness Garden
23/06/2021	Soroptimist International of Geraldton	Better Understanding of Gynaecological Issues
23/06/2021	Geraldton Pottery Club	Equipment for Pottery Club
23/06/2021	Midwest Multicultural Association	Tastes of the World
23/06/2021	Geraldton Sporting Aboriginal Corporation)	GSAC & Football West Jambinu Tour
23/06/2021	Towns Football Club	Updating Signage
23/06/2021	Yuna Primary School	School Entry Signage
23/06/2021	Walkaway Station Museum	Computer Equipment
23/06/2021	Chapman Valley Football Club	Big Freeze at the Valley
25/06/2021	Geraldton Bikes	Sponsor of individual rider for participation in event
Various	Various NFP's	12 months MSF on Community POS met by branch

# Bendigo and Adelaide Bank report

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## For the year ending 30 June 2021

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

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

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

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

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

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

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each other and our strong sense of community.

Your continued support as a shareholder is essential to the success of your local community. Thank you for continuing to back your Community Bank company and your community.



**Collin Brady**

**Head of Community Development**

# Directors' report

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For the financial year ended 30 June 2021

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

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## Directors

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

**Robert Francis Houwen**

Chairman

Occupation: Dealer Principal

Qualifications, experience and expertise: Dealer Principal - Geraldton Toyota. Treasurer of Rotary Club of Geraldton Greenough.

Special responsibilities: Chair & Finance Group

Interest in shares: 50,001 ordinary shares

**Wayne John Clarkson**

Deputy Chairman

Occupation: Insurance Broker/AFSL Holder

Qualifications, experience and expertise: Current holder of Australian Financial Services License. Operating a general insurance broking service together with life insurance and superannuation products and services (broking) and Senior Associate CIP qualification.

Special responsibilities: Finance Group

Interest in shares: 28,001 ordinary shares

**Paul James Adam**

Treasurer

Occupation: Accountant

Qualifications, experience and expertise: Bachelor of Business, CPA, Principal of accounting practice Adam Hunter Pty Ltd. Public Practice Accountant for 23 years. Charter member of Taxation Institute of Australia.

Director of Geraldton Resource Centre Inc. Tax agent with ATO for 27 years.

Special responsibilities: Treasurer and Finance Group

Interest in shares: 7,001 ordinary shares

**Gary Bruce Clark**

Non-executive director

Occupation: Consultant

Qualifications, experience and expertise: Former Manager Mission Australia, Regional Manager Dept. of Sport and Recreation (30 years), Assoc Dip Recreation, Life Member Surf Life Saving WA, Geraldton Surf Life Saving Club, Brigades Football Club and Geraldton Harriers Running Club. Founding Director and Former Owner-Manager Mid West Times Community Newspaper (Geraldton). Chairman Mid West Academy of Sport.

Special responsibilities: Chairman Marketing Committee

Interest in shares: 7,201 ordinary shares

**Emma McNerney**

Non-executive director

Occupation: Community Development Officer

Qualifications, experience and expertise: Coordinator of LEAD (Leadership, Exploration and Development) at Ngala. Co-founder, Director and General Manager of Euphorium, social enterprise arts company. Raised over \$80,000 for local community causes through volunteer events, Long term volunteer. Twice winner of Australia Day Active Citizenship (under 26) Award. Holds Diploma of Events and Trainers/Assessors qualification.

Special responsibilities: Marketing Group

Interest in shares: 500 ordinary shares

# Directors' report (continued)

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**Kimberly James Stokes**

Non-executive director

Occupation: Small Business Advisor

Qualifications, experience and expertise: Self-employed small business adviser, previously senior administration officer Defence Satellite Communications Station Kojarena and employment services manager various country and metropolitan locations. Past chair, Geraldton Regional Community Education Centre and past Board Director Ngala, past President of The Geraldton Club and Past President and current member of the Rotary Club of Geraldton Greenough.

Special responsibilities: Marketing Group

Interest in shares: 10,000 ordinary shares

**Harold McCashney**

Non-executive director (resigned 28 April 2021)

Occupation: Retired primary producer

Qualifications, experience and expertise: Inaugural Director and Fund Raiser. 50 years as a primary producer in wool grain and sheep meat including a term as a director (grower) of W.A Meat Marketing Corporation.

Farmed at Cadoux in Wongan Ballidu Shire. 14 years in local government at Wongan Hills and Greenough which has now amalgamated to form the City of Greater Geraldton. 10 years on the Executive of WA Farmers including a 3 year term as State Treasurer. Special responsibilities: Nil

Interest in shares: 30,001 ordinary shares

**Renaye Ellen Stokes**

Non-executive director (resigned 27 October 2020)

Occupation: Primary Producer

Qualifications, experience and expertise: Previously employed as a Development Officer with the Department of Agriculture & Food for 6 years before starting a family in 2008. Full time parent, farm office administrator and voluntary community contributor ever since. Renaye has proactively contributed to the Chapman Valley (CV) Playgroup, Geraldton Toy Library, CV Community Newspaper (Valley Vibes), CV Tennis Club, CV Primary School P&C, CV Community Ball Inc. and is the current CV Primary School Board Chair. Renaye is passionate about health, wellbeing and resilient communities. Holds a Bachelor of Agribusiness (Marketing) with First Class Honours.

Special responsibilities: Nil

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.

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**Company Secretary**

The company secretary is Emma O'Brien. Emma was appointed to the position of secretary on 30 October 2018.

Qualifications, experience and expertise: Currently employed with Community Bank Geraldton as a Customer Service Office. Previously employed as a finance officer, and has a decade of business, taxation, administration and financial experience. Emma is actively involved in the local community including Treasurer for the Wandina Parents & Citizens Association.

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**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.

# Directors' report (continued)

## Operating results

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

Year ended 30 June 2021	Year ended 30 June 2020
\$209,936	\$238,029

## Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Robert Francis Houwen	50,001	-	50,001
Wayne John Clarkson	28,001	-	28,001
Paul James Adam	7,001	-	7,001
Gary Bruce Clark	7,201	-	7,201
Emma McNerney	500	-	500
Kimberly James Stokes	10,000	-	10,000
Harold McCashney	30,001	-	30,001
Renaye Ellen Stokes	-	-	-

## Dividends

No dividends were declared or paid for the previous financial year and the directors recommend that no dividend be paid in the current financial year.

## Capital reduction

During the financial year, the following capital reduction was provided for and paid. This capital reduction has been provided for in the financial statements.

	Cents per share	Total amount
Capital Reduction	10	140,000
<b>Total Amount</b>	<b>10</b>	<b>140,000</b>

## 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 company's 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.

# Directors' report (continued)

## Events since the end of the financial year

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

## Likely developments

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

## Environmental regulation

The company is not subject to any significant environmental regulation.

## Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 27 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

## Indemnification and insurance of directors and officers

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

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

## Directors' meetings

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

	Directors' Meetings	
	Eligible	Attended
Robert Francis Houwen	11	11
Wayne John Clarkson	11	11
Paul James Adam	11	9
Gary Bruce Clark	11	10
Emma McNerney	11	7
Kimberley James Stokes	11	7
Harold McCashney	9	9
Renaye Ellen Stokes	4	2



# Directors' report (continued)

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## Proceedings on behalf of the company

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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*.

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## Non audit services

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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 26 to the accounts.

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

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

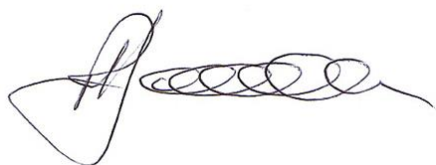
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## Auditor's independence declaration

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A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 16.

Signed in accordance with a resolution of the directors at Geraldton, Western Australia.



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**Robert Francis Houwen, Chair**

Dated this 14th day of September 2021

# Auditor's independence declaration

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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 Midwest Community Enterprises Limited**

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 14 September 2021

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

**Adrian Downing**  
Lead Auditor

# Financial statements

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

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	1,580,466	1,421,094
Other revenue	9	37,500	72,500
Finance income	10	36	51
Employee benefit expenses	11c)	(865,693)	(832,431)
Charitable donations, sponsorship, advertising and promotion		(158,272)	(28,541)
Occupancy and associated costs		(23,922)	(25,064)
Systems costs		(38,831)	(34,981)
Depreciation and amortisation expense	11a)	(90,190)	(79,721)
Finance costs	11b)	(11,721)	(14,151)
General administration expenses		(154,795)	(162,896)
<b>Profit before income tax expense</b>		<b>274,578</b>	<b>315,860</b>
Income tax expense	12a)	(64,642)	(77,831)
<b>Profit after income tax expense</b>		<b>209,936</b>	<b>238,029</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>209,936</b>	<b>238,029</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- Basic and diluted earnings per share:	28a)	15.00	17.00

The accompanying notes form part of these financial statements

# Financial statements (continued)

## Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	528,336	443,576
Trade and other receivables	14a)	143,511	150,718
Current tax assets	18a)	6,980	-
<b>Total current assets</b>		<b>678,827</b>	<b>594,294</b>
<b>Non-current assets</b>			
Property, plant and equipment	15a)	156,659	141,422
Right-of-use assets	16a)	237,712	228,174
Intangible assets	17a)	39,551	52,735
Deferred tax asset	18b)	61,882	126,524
<b>Total non-current assets</b>		<b>495,804</b>	<b>548,855</b>
<b>Total assets</b>		<b>1,174,631</b>	<b>1,143,149</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19a)	69,916	60,782
Lease liabilities	20a)	80,336	84,178
Employee benefits	21a)	121,712	126,863
<b>Total current liabilities</b>		<b>271,964</b>	<b>271,823</b>
<b>Non-current liabilities</b>			
Trade and other payables	19b)	29,004	43,507
Lease liabilities	20b)	193,657	225,065
Employee benefits	21b)	21,204	13,888
<b>Total non-current liabilities</b>		<b>243,865</b>	<b>282,460</b>
<b>Total liabilities</b>		<b>515,829</b>	<b>554,283</b>
<b>Net assets</b>		<b>658,802</b>	<b>588,866</b>
<b>EQUITY</b>			
Issued capital	22a)	728,402	868,402
Accumulated losses	23	(69,600)	(279,536)
<b>Total equity</b>		<b>658,802</b>	<b>588,866</b>

The accompanying notes form part of these financial statements

## Financial statements (continued)

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

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2019</b>		<b>1,008,402</b>	<b>(517,565)</b>	<b>490,837</b>
Total comprehensive income for the year		-	238,029	238,029
<b>Transactions with owners in their capacity as owners:</b>				
Capital reduction	22b)	(140,000)	-	(140,000)
<b>Balance at 30 June 2020</b>		<b>868,402</b>	<b>(279,536)</b>	<b>588,866</b>
<b>Balance at 1 July 2020</b>		<b>868,402</b>	<b>(279,536)</b>	<b>588,866</b>
Total comprehensive income for the year		-	209,936	209,936
<b>Transactions with owners in their capacity as owners:</b>				
Capital reduction	22b)	(140,000)	-	(140,000)
<b>Balance at 30 June 2021</b>		<b>728,402</b>	<b>(69,600)</b>	<b>658,802</b>

The accompanying notes form part of these financial statements

## Financial statements (continued)

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

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,799,361	1,580,051
Payments to suppliers and employees		(1,388,533)	(1,178,479)
Interest received		36	51
Interest paid		761	-
Lease payments (interest component)	11b)	(11,721)	(14,151)
Lease payments not included in the measurement of lease liabilities	11d)	(17,949)	(15,300)
Income taxes paid		(6,980)	-
<b>Net cash provided by operating activities</b>	<b>24</b>	<b>374,975</b>	<b>372,172</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(34,982)	(1,625)
Payments for right-of-use assets		(66,799)	-
Payments for intangible assets		(13,184)	(13,184)
<b>Net cash used in investing activities</b>		<b>(114,965)</b>	<b>(14,809)</b>
<b>Cash flows from financing activities</b>			
Payment for return of capital	22b)	(140,000)	(140,000)
Proceeds from lease liabilities		49,826	-
Lease payments (principal component)		(85,076)	(69,986)
<b>Net cash used in financing activities</b>		<b>(175,250)</b>	<b>(209,986)</b>
<b>Net cash increase in cash held</b>		<b>84,760</b>	<b>147,377</b>
Cash and cash equivalents at the beginning of the financial year		443,576	296,199
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13</b>	<b>528,336</b>	<b>443,576</b>

The accompanying notes form part of these financial statement

# Notes to the financial statements

For the year ended 30 June 2021

## Note 1 Reporting entity

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

Registered Office	Principal Place of Business
Unit 1 31-33 Hosken Street Bluff Point WA 6530	79 Forrest Street Geraldton WA 650

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

## Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 14 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 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)

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

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### 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 the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

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

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

# Notes to the financial statements (continued)

## 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).

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.

# Notes to the financial statements (continued)

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

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

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

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

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

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

### **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.

# Notes to the financial statements (continued)

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

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### **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 method over their estimated useful lives, and is recognised in profit or loss.

# Notes to the financial statements (continued)

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

### g) Property, plant and equipment (continued)

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	4 to 40 years
Plant and equipment	Straight-line	1 to 40 years
Motor vehicles	Straight-line	8 years

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

### h) Intangible assets

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

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset class	Method	Useful life
Franchise establishment fee	Straight-line	Over the franchise term (5 years)
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.

# Notes to the financial statements (continued)

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

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### **j) Impairment (continued)**

#### Non-derivative financial assets (continued)

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 not to separate lease and non-lease components when calculating the lease liability.

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

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

# Notes to the financial statements (continued)

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

### m) Leases (continued)

#### As a lessee (continued)

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

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

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

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

#### Short-term leases and leases of low-value assets

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

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

## Note 5 Significant accounting judgements, estimates, and assumptions

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

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

### a) Judgements

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

Note	Judgement
Note 20 – leases:	
a) Control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
b) Lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) Discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none"><li>○ the amount;</li><li>○ the lease term;</li><li>○ economic environment; and</li><li>○ other relevant factors.</li></ul>



# Notes to the financial statements (continued)

## Note 5 Significant accounting judgements, estimates, and assumptions (continued)

### b) Assumptions and estimation uncertainties

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

Note	Assumptions
Note 18 -- recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
Note 15 – estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
Note 21 – long service leave provisions	key assumptions on attrition rate and pay increases through promotion and inflation;

## 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

Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	293,087	90,073	203,014	-
Trade and other payables	98,920	69,916	29,004	-
	<b>392,007</b>	<b>159,989</b>	<b>232,018</b>	-

#### 30 June 2020

Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	333,705	95,138	238,567	-
Trade and other payables	104,289	60,782	43,507	-
	<b>437,994</b>	<b>155,920</b>	<b>282,074</b>	-

# Notes to the financial statements (continued)

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## Note 6 Financial risk management (continued)

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### 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. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of \$528,336 at 30 June 2021 (2020: \$443,576). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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## Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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## Note 8 Revenue from contracts with customers

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	2021 \$	2020 \$
Margin income	1,170,163	1,018,124
Fee income	88,348	84,686
Commission income	321,955	318,284
	<b>1,580,466</b>	<b>1,421,094</b>

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# Notes to the financial statements (continued)

## Note 9 Other revenue

	2021 \$	2020 \$
Market development fund income	-	10,000
Cash flow boost	37,500	62,500
	<b>37,500</b>	<b>72,500</b>

## Note 10 Finance income

	2021 \$	2020 \$
Term deposits	36	51
	<b>36</b>	<b>51</b>

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

## Note 11 Expenses

	2021 \$	2020 \$
<b>a) Depreciation and amortisation expense</b>		
Depreciation of non-current assets:		
- Leasehold improvements	8,321	6,207
- Plant and equipment	5,639	5,808
	<b>13,960</b>	<b>12,015</b>
Depreciation of right-of-use assets		
- Leased land and buildings	48,964	48,742
- Leased motor vehicles	8,297	5,780
	<b>57,261</b>	<b>54,522</b>
Amortisation of intangible assets:		
- Franchise fee	2,198	2,197
- Franchise renewal process fee	10,986	10,987
	<b>13,184</b>	<b>13,184</b>
Impairment of non-current assets:		
- Property Development Work In Progress	5,785	-
<b>Total Depreciation and amortisation expense</b>	<b>90,190</b>	<b>79,721</b>
<b>b) Finance Costs</b>		
- Lease interest expense	<b>11,721</b>	<b>14,151</b>

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

# Notes to the financial statements (continued)

## Note 11 Expenses (continued)

	2021 \$	2020 \$
<b>c) Employee benefit expenses</b>		
- Wages and salaries	728,619	699,587
- Non-cash benefits	4,432	4,732
- Contributions to defined contribution plans	93,056	79,568
- Expenses related to long service leave	4,605	12,037
- Other expenses	34,981	36,507
	<b>865,693</b>	<b>832,431</b>

## 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 assets	<b>17,949</b>	<b>15,300</b>

## Note 12 Income tax expense

	2021 \$	2020 \$
<b>a) Amounts recognised in profit or loss</b>		
Current tax expense/(credit)		
- Recoupment of prior year tax losses	57,326	82,915
- Movement in deferred tax	4,841	(41,417)
- Adjustment to deferred tax on AASB 16 retrospective application	-	29,033
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	2,475	7,300
	<b>64,642</b>	<b>77,831</b>
<b>b) Prima facie income tax reconciliation</b>		
Operating profit before taxation	274,578	315,860
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	71,390	86,862
Tax effect of:		
- Non-deductible expenses	526	858
- Temporary differences	(4,840)	12,383
- Other assessable income	(9,750)	(17,188)
- Movement in deferred tax	4,841	(41,417)
- Reduction in the company tax rate	2,475	7,300
- Leases initial recognition	-	29,033
	<b>64,642</b>	<b>77,831</b>

## Notes to the financial statements (continued)

### Note 13 Cash and cash Equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	528,336	443,576
	<b>528,336</b>	<b>443,576</b>

### Note 14 Trade and other receivables

	2021 \$	2020 \$
<b>a) Current assets</b>		
- Trade receivables	134,355	141,105
- Prepayments	8,700	9,157
- Other receivables and accruals	456	456
	<b>143,411</b>	<b>150,718</b>

### Note 15 Property, plant and equipment

	2021 \$	2020 \$
<b>a) Carrying amounts</b>		
<i>Leasehold Improvements</i>		
At cost	272,890	252,539
Less: accumulated depreciation	(143,915)	(135,594)
	<b>128,975</b>	<b>116,945</b>
<i>Plant and equipment</i>		
At cost	94,828	80,197
Less: accumulated depreciation	(67,144)	(61,505)
	<b>27,684</b>	<b>18,692</b>
<i>Property Development Work In Progress</i>		
At cost	-	5,785
	<b>5,785</b>	<b>5,785</b>
<b>Total written down amount</b>	<b>156,659</b>	<b>141,422</b>

### b) Reconciliation of carrying amounts

<i>Leasehold improvements</i>		
- Carrying amount at beginning	116,945	123,152
- Additions	20,351	-
- Depreciation	(8,321)	(6,207)
	<b>128,975</b>	<b>116,945</b>

# Notes to the financial statements (continued)

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

	Note	2021 \$	2020 \$
<b>b) Reconciliation of carrying amounts (continued)</b>			
<i>Plant and equipment</i>			
- Carrying amount at beginning		18,692	22,875
- Additions		14,631	1,625
- Disposals		-	(4,034)
- Depreciation		(5,639)	(1,774)
		<b>27,684</b>	<b>18,692</b>
<i>Motor vehicles</i>			
- Carrying amount at beginning		-	42,177
- Lease asset transferred out - at cost	16b)	-	(46,117)
- Lease asset transferred out - accumulated depreciation	16b)	-	3,940
		-	-
<i>Property Development Work In Progress</i>			
- Carrying amount at beginning		5,785	5,785
- Impairment		(5,785)	-
		-	<b>5,785</b>
<b>Total written down amount</b>		<b>156,659</b>	<b>141,422</b>

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

### c) Changes in estimates

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

## Note 16 Right-of-use assets

	2021 \$	2020 \$
<b>a) Carrying amounts</b>		
<i>Leased land and buildings</i>		
- At cost	731,557	731,557
- Less: accumulated depreciation	(588,744)	(539,780)
	<b>142,813</b>	<b>191,777</b>
<i>Leased motor vehicles</i>		
- At cost	112,916	46,117
- Less: accumulated depreciation	(18,017)	(9,720)
	<b>94,899</b>	<b>36,397</b>
<b>Total written down amount</b>	<b>237,712</b>	<b>228,174</b>

# Notes to the financial statements (continued)

## Note 16 Right-of-use assets (continued)

	Note	2021 \$	2020 \$
<b>b) Reconciliation of carrying amounts</b>			
<i>Leased land and buildings</i>			
- Carrying amount at beginning		191,777	-
- Initial recognition on transition		-	730,469
- Accumulated depreciation on adoption		-	(491,038)
- Remeasurement adjustments		-	1,088
- Depreciation		(48,964)	(48,742)
<b>Carrying amount at end</b>		<b>142,813</b>	<b>191,777</b>
<i>Leased motor vehicles</i>			
- Carrying amount at beginning		36,397	-
- Additional right-of-use assets recognised		66,799	-
- Lease asset transferred in - at cost	15b)	-	46,117
- Lease asset transferred in - accumulated depreciation	15b)	-	(3,940)
- Depreciation		(8,297)	(5,780)
<b>Carrying amount at end</b>		<b>94,899</b>	<b>36,397</b>
<b>Total written down amount</b>		<b>237,712</b>	<b>228,174</b>

## Note 17 Intangible assets

	2021 \$	2020 \$
<b>a) Carrying amounts</b>		
<i>Franchise fee</i>		
- At cost	32,440	32,440
- Less: accumulated amortisation	(25,848)	(23,650)
	<b>6,592</b>	<b>8,790</b>
<i>Franchise establishment fee</i>		
- At cost	100,000	100,000
- Less: accumulated amortisation	(100,000)	(100,000)
	-	-
<i>Franchise renewal process fee</i>		
- At cost	116,230	116,230
- Less: accumulated amortisation	(83,271)	(72,285)
	<b>32,959</b>	<b>43,945</b>
<b>Total written down amount</b>	<b>39,551</b>	<b>52,735</b>

# Notes to the financial statements (continued)

## Note 17 Intangible assets (continued)

	2021 \$	2020 \$
<b>b) Reconciliation of carrying amounts</b>		
<i>Franchise fee</i>		
- Carrying amount at beginning	8,790	10,987
- Amortisation	(2,198)	(2,197)
<b>Carrying amount at end</b>	<b>6,592</b>	<b>8,790</b>
<i>Franchise renewal process fee</i>		
- Carrying amount at beginning	43,945	54,932
- Amortisation	(10,986)	(10,987)
<b>Carrying amount at end</b>	<b>32,959</b>	<b>43,945</b>
<b>Total written down amount</b>	<b>39,551</b>	<b>52,735</b>

### c) Changes in estimates

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

## Note 18 Tax assets and liabilities

	2021 \$	2020 \$
<b>a) Current tax</b>		
Income tax payable/(refundable)	(6,980)	
<b>b) Deferred tax</b>		
- Expense accruals	-	-
- Employee provisions	35,729	36,595
- Lease liability	55,024	75,359
- Carried-forward tax losses	6,832	64,432
<b>Total deferred tax assets</b>	<b>97,585</b>	<b>176,386</b>
<i>Deferred tax liabilities</i>		
- Right-of-use assets	35,703	49,862
Total deferred tax liabilities	35,703	49,862
<b>Net deferred tax assets (liabilities)</b>	<b>61,882</b>	<b>126,524</b>
<b>Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income</b>	<b>64,642</b>	<b>17,046</b>
<b>Movement in deferred tax charged to Statement of Changes in Equity</b>	<b>-</b>	<b>29,033</b>



# Notes to the financial statements (continued)

## 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.

	2021 \$	2020 \$
<b>a) Current liabilities</b>		
Trade creditors	52,643	1,097
Other creditors and accruals	17,273	59,685
	<b>69,916</b>	<b>60,782</b>
<b>b) Non-current liabilities</b>		
Trade creditors	<b>29,004</b>	<b>43,507</b>

## 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 4.00%.

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:

- Geraldton Branch The lease commenced in June 2009. The company exercised a 5 year renewal option in June 2019. The company has no further renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is May 2024.
- Motor vehicle The lease agreement is a non-cancellable term of 3 years which commenced in February 2021. Upon the last lease payment the registered security over the motor vehicles is removed.
- Motor vehicle The lease agreement is a non-cancellable term of 3 years which commenced in November 2018. Upon the last lease payment the registered security over the motor vehicles is removed.

### a) Current lease liabilities

	2021 \$	2020 \$
Property lease liabilities	80,073	80,073
Unexpired interest	(7,483)	(10,324)
	<b>72,590</b>	<b>69,749</b>
Motor Vehicle lease liabilities	10,000	15,065
Unexpired interest	(2,254)	(636)
	<b>7,746</b>	<b>14,429</b>
	<b>80,336</b>	<b>84,178</b>

# Notes to the financial statements (continued)

## Note 20 Lease liabilities (continued)

### b) Non-current lease liabilities

	2021 \$	2020 \$
Property lease liabilities	153,473	233,546
Unexpired interest	(5,967)	(13,451)
	<b>147,506</b>	<b>220,095</b>
Motor Vehicle lease liabilities	49,541	5,021
Unexpired interest	(3,390)	(51)
	<b>46,151</b>	<b>4,970</b>
	<b>193,657</b>	<b>225,065</b>

### c) Reconciliation of lease liabilities

	2021 \$	2020 \$
Balance at the beginning (finance lease liabilities)	309,243	33,132
Initial recognition on AASB 16 transition	-	345,009
Additional lease liabilities recognised	49,826	-
Remeasurement adjustments	-	1,088
Lease payments - interest	11,721	14,151
Lease payments – total cash outflow	(96,797)	(84,137)
	<b>273,993</b>	<b>309,243</b>

### d) Maturity analysis

	2021 \$	2020 \$
- Not later than 12 months	90,073	95,138
- Between 12 months and 5 years	203,014	238,567
<b>Total undiscounted lease payments</b>	<b>293,087</b>	<b>333,705</b>
Unexpired interest	(19,094)	(24,462)
<b>Present value of lease liabilities</b>	<b>273,993</b>	<b>309,243</b>

## Note 21 Employee benefits

	2021 \$	2020 \$
<b>a) Current liabilities</b>		
Provision for annual leave	62,220	64,660
Provision for long service leave	59,492	62,203
	<b>121,712</b>	<b>126,863</b>
<b>b) Non-current liabilities</b>		
Provision for long service leave	<b>21,204</b>	<b>13,888</b>

# Notes to the financial statements (continued)

## Note 21 Employee benefits (continued)

### a) Key judgement and assumptions

The company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

## Note 22 Issued capital

### a) Issued capital

	2021 Number	2021 \$	2020 Number	2020 \$
Ordinary shares - fully paid	1,400,009	1,400,009	1,400,009	1,400,009
Less: return of capital	-	(630,000)	-	(490,000)
Less: equity raising costs	-	(41,607)	-	(41,607)
	<b>1,400,009</b>	<b>868,402</b>	<b>1,400,009</b>	<b>868,402</b>

### b) Reconciliation of issued capital movement

#### *Fully paid ordinary shares*

Balance amount at beginning	1,400,009	868,402	1,400,009	1,008,402
Return of capital payment	-	(140,000)	-	(140,000)
	<b>1,400,009</b>	<b>728,402</b>	<b>1,400,009</b>	<b>868,402</b>

During the financial year, the company resolved an equal reduction of share capital of \$0.10 per share. The return of capital was completed in November 2020 which resulted in the company returning \$140,000 to its shareholders.

### c) 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).

# Notes to the financial statements (continued)

## Note 22 Issued capital (continued)

### c) Rights attached to issued capital (continued)

#### Transfer

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

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

#### *Prohibited shareholding interest*

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 190. As at the date of this report, the company had 242 shareholders (2020: 243 shareholders).

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

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

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

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

## Note 23 Accumulated losses

	2021 \$	2020 \$
Balance at beginning of reporting period	(279,536)	(441,022)
Adjustment for transition to AASB 16	-	(76,543)
Net profit after tax from ordinary activities	209,936	238,029
<b>Balance at end of reporting period</b>	<b>(69,600)</b>	<b>(279,536)</b>

# Notes to the financial statements (continued)

## Note 24 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	209,936	238,029
Adjustments for:		
- Depreciation	77,006	66,537
- Amortisation	13,184	13,184
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	7,207	(22,917)
- (Increase)/decrease in other assets	70,846	77,832
- Increase/(decrease) in trade and other payables	(5,369)	(53,033)
- Increase/(decrease) in employee benefits	2,165	52,540
<b>Net cash flows provided by operating activities</b>	<b>374,975</b>	<b>272,172</b>

## Note 25 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 \$
<b>Financial assets</b>			
Cash and cash equivalents	13	528,336	443,576
Trade and other receivables	14	134,811	141,561
		<b>663,147</b>	<b>585,137</b>
<b>Financial liabilities</b>			
Trade and other payables	19	98,920	104,289
Lease liabilities	20	273,993	309,243
		<b>372,913</b>	<b>413,532</b>

## Note 26 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- General advisory services	3,080	3,540
- Share registry services	3,262	3,431
<b>Total auditor's remuneration</b>	<b>11,342</b>	<b>11,596</b>

# Notes to the financial statements (continued)

## Note 27 Related parties

### a) Details of key management personnel

The directors of the company during the financial year were:

Robert Francis Houwen  
Wayne John Clarkson  
Paul James Adam  
Gary Bruce Clark  
Emma McNerney  
Kimberly James Stokes  
Harold McCashney  
Renaye Ellen Stokes

### b) Key management personnel compensation

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

### c) Related party transactions

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

	2021 \$	2020 \$
<i>Transactions with related parties</i>		
- Paul James Adam has provided the company with secretarial and bookkeeping services. The total benefit received was:	3,963	3,592
- R.L. Mitoke Pty Ltd, of which Robert Francis Houwen is a director, is the landlord of the branch premises at 79 Forrest Street. The total benefit received was:	80,072	69,073
- Wayne John Clarkson a qualified Insurance broker supplied employers liability insurance policy and also key person insurance policy for the Branch Manager. The total benefit received was:	-	1,597
<b>Total transactions with related parties</b>	<b>84,035</b>	<b>74,262</b>

## Note 28 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	209,936	238,029

	Number	Number
Weighted-average number of ordinary shares	1,400,009	1,400,009

	Cents	Cents
Basic and diluted earnings per share	15.00	17.00

## Notes to the financial statements (continued)

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### Note 29 Commitments

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

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### Note 30 Contingencies

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

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### Note 31 Subsequent events

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

## Directors' declaration

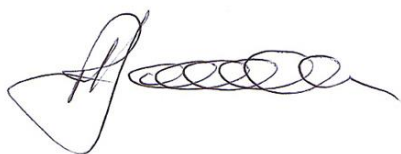
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In accordance with a resolution of the directors of Midwest Community Enterprises Limited, we state that:

In the opinion of the directors:

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

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



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**Robert Francis Houwen, Chair**

Dated this 14th day of September 2021



# Auditor's independence declaration

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03 5443 0344

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

### Report on the Audit of the Financial Report

#### Opinion

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

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

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

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

#### Basis for Opinion

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

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

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



# Auditor's independence declaration (continued)

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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.



## Auditor's independence declaration (continued)

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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: 14 September 2021



**Adrian Downing**  
Lead Auditor

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