Annual Report 2021

Molonglo Financial Services Limited

Community Bank
Canberra Group

ABN 77 100 097 443

Contents

Chairman’s report

For year ending 30 June 2021

Welcome to the 19th Annual Report of Molonglo Financial Services Limited (MFSL).

The 2020/21 financial year has been a challenging and difficult year for the entire community and business at large. I am pleased to say that our company has weathered the ‘COVID’ storm admirably, whilst keeping the doors of our branches open, providing an essential service to our community, keeping our staff and customers safe and delivering a profit.

The company finished the year with a before-tax profit of $6,124. This figure was largely influenced by the acceleration of some depreciation expenses, discussed in more detail in the Treasurer’s Report. Our net cash increase was substantial enough to accommodate a $0.02 distribution to shareholders, which will be payable on the 1st of December 2021, and we will continue to seek to provide consistent dividends to shareholders as our cash position continues to increase.

Throughout the year, historically low interest rates continued to erode the company’s main sources of income. Substantial lending growth was required and achieved. Our lending business grew $40.5 million, compared to $23.8 million last year. This was achieved through a record settlement year of $91 million, compared to $52 million the year before. This is further evidence of the success of growing our mobile distribution arm. As a result of this success, a third mobile lender commenced with MFSL in April 2021.

Since the interest rate cut in November 2020, our profit margins largely normalised and business growth finally resulted in revenue growth, rather than offsetting decreasing margins (as was the trend in previous years). We are confident that we have now seen the worst of this cycle, and we will soon be able to enjoy the consistent growth that we continue to achieve.

Dividend History

Financial Year	Amount per share	Share type	Date paid
2006/07	$0.04	Unfranked	30 June 2007
2007/08	$0.05	Unfranked	30 June 2008
2008/09	$0.05	Unfranked	19 December 2008
2009/10	$0.06	Franked	30 June 2010
2010/11	$0.03	Franked	30 June 2011
2011/12	$0.02	Franked	30 June 2012
2014/15	$0.02	Half-Franked	1 December 2014
2016/17	$0.02	Unfranked	31 March 2017
2017/18	$0.02	Unfranked	1 December 2017
2018/19	$0.02	Unfranked	1 December 2018
2019/20	$0.02	Unfranked	1 December 2019
2020/21	$0.02	Unfranked	1 December 2020

Looking ahead, the company is approaching the end of its strategic plan and looking to create a new plan that builds on our successes, will expand our reach into the Canberra Region and builds our balance sheet for our shareholders, and for our community.

I took over as Chairman on 1 January 2021, after Neale Guthrie stepped down. Alison Bleathman and Radmila Noveska have also stepped down from the Board and their combined 12 years’ service along with Neale Guthrie’s 11 years’ service is a significant loss for our company. That said, the recruitment of Alice Tay, Lisa Moore, Pui Cheung and Pierre Huetter over the last 12 months has brought valuable and much needed skills to the Board that will ensure the company is well positioned to take it to the next level.

I wish to thank Neale, Alison and Radmila for their time on the Board and their invaluable contribution to our company, their communities, and the successes we are now enjoying.

I would also like to thank all my fellow Directors for their time and energy they put towards the company during the year and look forward to the years ahead. And last, but certainly not least, I thank the hard working 'essential' workers that are our staff, who continue to provide a great service and valuable financial advice and support to our customers and community.

Brian Brown
Chairman

Treasurer's report

For year ending 30 June 2021

The Company finished the year with a profit before tax of $6,124, which is an improvement on last year's loss of $57,380 (adjusted, see below).

Our lending and deposit businesses experienced significant growth from last year, increasing by 26.0% and 22.1% respectively. However, income from customers increased by only 3.9% due to declining margins in the first half of the year. Margins have since stabilised and the Company expects to see future income to grow in proportion to business volumes.

During the year the Company received COVID related financial support from the Commonwealth Government, and ongoing marketing support from the Bendigo Bank through funding from its Market Development Fund. As reported last year, the Bendigo Bank is gradually reducing this marketing support over several years.

Expenditure in 2020-21 was comparable with that of the previous year, except for Depreciation and Amortisation Expense (see Note 12a to the Financial Report) which shows a $131,505 (35%) increase from last year. As part of the review of all its existing property leases, the Company revised its estimates of lease terms, including expected extensions, for the four bank branches. Consequently, accounting adjustments were put through to reflect the more realistic values of property related assets and liabilities, including Leasehold Improvements, Right-of-Use Assets and Lease Liabilities. Results of the previous year have been restated based on the new lease terms, in accordance with requirements of relevant accounting standards. While the Company is required to regularly review its accounting estimates, it does not expect significant adjustments of this nature in future years. For more information, please see Notes 16, 17 and 21 to the Financial Report.

Financial position at the end of the financial year remained healthy, with strong cash flow. The Company declared a dividend of $75,962 for the year, at 2 cents per share.

Nigel Phair
Treasurer

Managers' report

For year ending 30 June 2021

Welcome to the 2021 Managers Report.

The 2020-2021 Financial Year still saw the impact of Covid-19 and while Canberra was largely unaffected by lockdowns during the year, we have still seen a change in customer behaviour and their appetite for risk. In addition, the property market did not react as predicted by most economists and we have seen a large growth in the property market in Canberra.

We have also started our journey to adapt to the ever-evolving banking needs of customers, and have adapted well to numerous regulatory changes.

Overall, we have seen a year with several records broken in terms of business metrics.

Our Funds Under Management grew by 21.40% or $79.2m across the business.

We experienced a lending growth of 26.0% or $40.6m as well as a growth in deposits of 22.1% or $42.0m.

Despite customer transactions in branches declining year on year (caused by changes in customer behaviour due to Covid-19), we saw an increase in account numbers by 3.7% or 559 accounts.

The change of behaviour in the property market and the great work of our Mobile Lenders resulted in the best year of growth ever achieved for the company. Both our lenders, Bryan & Peter, featured in the top 10 performers for the country. The success in lending has seen every branch have an increase in lending growth, with Calwell and Wanniassa experiencing the best lending results in six years, Curtin recording the best growth recorded, and Jerrabomberra achieving the second best year of growth recorded.

There was also a heavy focus on retention of customers this year which also resulted in our best result of retained customers on record. Due to these unusual market conditions, we also have the highest amount of loans cleared from sale on record. Given the strong customer connections we have seen an overwhelming majority of these customers return for new lending.

This year we welcomed six staff, while saying goodbye to four. It is noted two of these staff remain employed with Bendigo Bank but have moved to corporate sites.

Our recruitment this year has also been focussed on growth and the evolving banking needs. As a result, we have welcomed Steven James as our 3rd Mobile Lender, who has over 15 years' experience in lending. Our lending team now hold a combined 50-plus years of lending experience.

We have also welcomed Priscilla who is a part time teller but also carries the role of managing social media growth, allowing more avenues to engage with our customers and the local community. We made further changes by restructuring our management to ensure we were not top heavy in leaders and allow more staff meeting customers need. This resulted in my appointment as sole Senior Branch Manager across the four branches, and I officially commenced this role in January 2021. We now have a good strong team across the branches and we are well set for the challenges ahead. Our focus remains to grow in lending and the retention of customers, as well as growing relationship with the community.

Managers' report (continued)

I would again like to acknowledge the fantastic work of our Mobile Lenders Bryan and Peter who have both had an outstanding year and finally thanks to the Board for all the support in running a strong and effective network of branches.

Jacob Krog
Senior Branch Manager

Bendigo and Adelaide Bank report

For 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 or your local Community Enterprise – your Community Bank in providing, leadership, support, and assistance in these difficult times.

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

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

Collin Brady
Head of Community Development

Directors' report

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

Directors

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

Brian Joseph Brown
Chairman
Occupation: Quality Operations Officer
Qualifications, experience and expertise: Brian is currently working as a Quality Operations Officer at EOS Space Systems Pty Ltd and a Councillor at Queanbeyan Palerang Regional Council. Previous employment or positions includes: Senior Advisor to Dr Mike Kelly AM MP former Federal Member for Eden-Monaro, Deputy Chair of Regional Development Australia Southern Inland, Executive committee of Queanbeyan Business Chamber and Royal Australian Artillery (Australian Army 10 years).
Special responsibilities: Ex officio on all committees.
Interest in shares: 99,000 ordinary shares

Neale Desmond Guthrie
Non-executive director
Occupation: Company Director
Qualifications, experience and expertise: Prior to his retirement in September 2014, Neale had nearly nine years' experience as a Senior Executive in the ACT Public Service. He has served on five management boards for ACT Government managed agencies. Neale has also 30 years of management experience in various leadership and management roles in the Australian Regular Army, private industry and ACT Public Service. Neale has attained the following tertiary qualifications: Master of Science (Mngt.), Graduate Diploma (Mngt.), Bachelor of Engineering (Civil).
Special responsibilities: Chair: Special Projects Committee, Member: Audit, Finance and Governance Committee, Member: Business Development, Sponsorships and Marketing Committee.
Interest in shares: 1,250 ordinary shares

Klarisa Dominka Cengic
Non-executive director
Occupation: Business Owner
Qualifications, experience and expertise: Klarisa is the founder of The Goods Wholefoods, a health focused cafe in Canberra city. She also runs a consultancy specialising in strategic hospitality management and is currently the Program Lead for Healthier Choices Canberra. Prior to joining the Board, Klarisa was the Marketing Coordinator at Molonglo Financial Services. Having completed a Bachelor of Commerce degree at the ANU, majoring in marketing and international business, Klarisa is passionate about strategic communications, social media, strategy design and implementation, and helping small business thrive.
Special responsibilities: Deputy Chair: Business Development, Sponsorships and Marketing Committee, Member: Human Resources Committee.
Interest in shares: nil share interest held

Nigel William Phair
Deputy Chair/Treasurer
Occupation: University of New South Wales
Qualifications, experience and expertise: Nigel Phair is Director (Enterprise), UNSW Institute for Cyber. He is an influential analyst on the intersection of technology, crime and society. Nigel has published three acclaimed books on the international impact of cybercrime, is a regular media commentator and provides executive and board advice on strategy, risk & governance of technology. In a 21 year career with the Australian Federal Police he achieved the rank of Detective Superintendent and headed up investigations at the Australian High Tech Crime Centre for four years. He is founder and managing director of a technology 'start up' company and is a non-executive director on a number of Australian boards.
Special responsibilities: Chair: Audit, Finance and Governance Committee.
Interest in shares: 9,000 ordinary shares

Directors *(continued)*

Sarah Davina Rajic
Non-executive director
Occupation: Business Owner
Qualifications, experience and expertise: Sarah has 21 years of recruitment experience, gained both locally and interstate. In 2014, Sarah co-founded Capital Recruit services clients in government and the private sector in corporate recruitment from business support to executive positions. Sarah has experience recruiting specialist positions as well as volume recruitment of up to 450 positions. Prior to Capital Recruit, Sarah worked in multiple positions in two large global recruitment firms as a consultant and manager in the ACT and Sydney over 13 years. Sarah also worked in house as a HR consultant at Deloitte in Canberra. Since 2017, Sarah has been a non-executive Director of the Canberra Business Chamber board. Also, a member of the Giants Hearts a corporate group following the GWS Giants in Canberra and Tuggeranong Vikings Basketball club. Sarah holds a Diploma in Business; Diploma in Financial Planning; accredited with the Recruitment and Consulting Services Association; and has attended the Australian Institute of Company Directors course.
Special responsibilities: Chair: Business Development, Sponsorships and Marketing Committee.
Interest in shares: nil share interest held

Adrienne Marie Day-Hodge
Non-executive director
Occupation: Director Day & Hodge Associates Pty Ltd
Qualifications, experience and expertise: Adrienne is co-founder and director of Day & Hodge Associates Pty Ltd, a Canberra-based public relations consultancy established in 1998. She has worked in public relations for more than 25 years at both national and international levels in Australia and Switzerland. She specialises in strategic counsel, issues management, government relations, project management and media relations. Adrienne is Chair of Daramalan College and a Graduate of the Australian Institute of Company Directors (GAICD). She has a BA Communication (With Distinction) from Charles Sturt University and provides pro bono services to HOME in Queanbeyan.
Special responsibilities: Member: Business Development Committee.
Interest in shares: nil share interest held

Alice Tay
Non-executive director (appointed 30 November 2020)
Occupation: Non executive director
Qualifications, experience and expertise: Alice is a corporate and commercial lawyer and retired from practice at the end of 2018. In addition to her role on MFS, she is a member of Council (board) of the University of Canberra, a director of Community Housing Canberra and a director of the National Heart Foundation. Alice chairs the audit and risk committees of the University of Canberra and the National Heart Foundation. In addition to MFS, she is a member of the audit committee of Master Builders ACT and Project Independence. Her past roles include being a partner at Meyer Vandenberg Lawyers, deputy chair of the Gambling and Racing Commission, director of The Fly Program and Hands Across Canberra.
Special responsibilities: Member: Audit, Finance and Governance Committee.
Interest in shares: 5,000 ordinary shares

Lisa Marie Moore
Non-executive director (appointed 30 November 2020)
Occupation: Managing Director
Qualifications, experience and expertise: Lisa brings to the board over 26 years of ever-evolving experience from the private and public sectors, along with her wealth of knowledge of all strategic and operational aspects of the organisational enabling functions, including people management, service delivery and process review, legal, risk and governance, ICT, finance, as well as change, project and asset management within large, diverse and complex organisations. Through her own company, she provides management consultancy regarding organisational transformation with a focus on the interoperability of People, Process and Technology.
Special responsibilities: Chair: Human Resources Committee, Member: Special Projects Committee.
Interest in shares: nil share interest held

Directors *(continued)*

Pui Chun Cheung
Non-executive director (appointed 6 April 2021)
Occupation: Chief Accountant
Qualifications, experience and expertise: Pui is a financial management and governance professional with extensive experience in both the private and public sectors. Since 2016 Pui has been working with community, for-purpose groups as a non-executive director and/or committee chair. Pui is a Fellow of the Certified Practising Accountants of Australia and a Graduate member of the Australian Institute of Company Directors. She also holds a bachelor of Business and a Master of Business Administration. Was previously a director at Northside Community Service and Carers ACT.
Special responsibilities: Member: Audit, Finance and Governance Committee.
Interest in shares: nil share interest held

Pierre Paul Huetter
Non-executive director (appointed 7 June 2021)
Occupation: Project Manager
Qualifications, experience and expertise: Pierre Huetter has held various roles in the public and private sectors in policy and major project facilitation roles. Those roles have included work facilitating major projects within government, major bid preparation and coordination outside government, tender writing, project management, policy and business case preparation. Pierre has also run a property consultancy providing project management services to numerous ACT property development companies. Pierre has an in-depth knowledge of statutory and strategic planning requirements for the ACT, enabling him to provide sound and practical advice on related issues, Pierre brings to this role a deep commitment to delivering for clients social and financial development outcomes, that contribute to the fabric of the City of Canberra. Pierre was also a long-term director of the Canberra YMCA, including 3 years as Chair.
Special responsibilities: Member: Special Projects Committee.
Interest in shares: nil share interest held

Radmila Noveska
Non-executive director (resigned 12 July 2021)
Occupation: Electorate Officer
Qualifications, experience and expertise: Radmila was admitted as a Solicitor to the Supreme Court of the ACT in October 2010. Since then she has worked as a paralegal/solicitor for Galilee Solicitors, a legal officer for United Voice, and most recently as an Employment Relations Consultant for Employsure. Radmila was elected as Councillor on Queanbeyan Palerang Regional Council in September 2017.
Special responsibilities: Member: Business Development and Marketing Committee.
Interest in shares: nil share interest held

Alison Louise Bleathman
Non-executive director (resigned 20 April 2021)
Occupation: Finance Director
Qualifications, experience and expertise: Alison is the Chief Operating Officer and Finance Director for Dexar Group and has over 13 years experience as an accountant in both public and private sectors. Alison specialises in business advisory, financial and management accounting, statutory financial statement preparation, financial viability assessments, business process improvement, project management and taxation. Alison holds a Bachelor of Commerce (Accounting), Graduate Diploma of Chartered Accounting and is a member of the Institute of Chartered Accountants of Australia and New Zealand.
Special responsibilities: Treasurer, Chair: Audit, Finance and Governance Committee.
Interest in shares: nil share interest held

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

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

Company Secretary

The company secretary is Dean Raymond Goulder. Dean was appointed to the position of secretary on 30 January 2020.

Qualifications, experience and expertise: Dean graduated from the Australian National University with a Bachelor of Commerce/Bachlor of Arts, and more recently attained a Certificate of Governmance Practice from the Governance Institute of Australia. He joined Molonglo Financial Services Limited in 2011 working in various roles before being appointed Chief Executive Officer in 2021.

Principal activity

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

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

Operating results

Operations have continued to perform in line with expectations. The profit/(loss) of the company for the financial year after provision for income tax was:

Year ended 30 June 2021 $	Year ended 30 June 2020 $
7,346	(32,835)

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Brian Joseph Brown	73,500	25,500	99,000
Neale Desmond Guthrie	1,250	-	1,250
Klarisa Dominka Cengic	-	-	-
Nigel William Phair	9,000	-	9,000
Sarah Davina Rajic	-	-	-
Adrienne Marie Day-Hodge	-	-	-
Alice Tay	5,000	-	5,000
Lisa Marie Moore	-	-	-
Pui Chun Cheung	-	-	-
Pierre Pual Huetter	-	-	-
Radmila Noveska	-	-	-
Alison Louise Bleathman	-	-	-

Dividends

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

	Cents per share	Total amount $
Final unfranked dividend	2	75,962

Directors’ report (continued)

Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the companies financial performance so far, uncertainty remains on the future impact of COVID-19 to the company’s operations. Interest rate cuts made in March and November 2020 continue to erode the margins that the company earns from its core products. This environment of historically low interest rates and, therefore, margins, is expected to continue in the coming years.

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

E - eligible to attend *A - number attended*	Board Meetings		Committee Meetings: Audit, Finance and Governance		Committee Meetings: Human Resources		Committee Meetings: Business Development, Sponsorships and Marketing		Committee Meetings: Special Projects	
	E	A	E	A	E	A	E	A	E	A
Brian Joseph Brown	10	10	8	7	3	2	5	5	1	1
Neale Desmond Guthrie	10	9	8	7	1	1	5	5	1	1
Klarisa Dominka Cengic	10	9	-	-	2	1	10	10	-	-
Nigel William Phair	10	7	8	7	-	-	-	-	-	-
Sarah Davina Rajic	10	10	-	-	1	-	10	10	-	-
Adrienne Marie Day-Hodge	10	9	-	-	-	-	10	10	-	-
Alice Tay	6	6	6	6	-	-	-	-	-	-
Lisa Marie Moore	6	5	-	-	2	2	-	-	1	-
Pui Chun Cheung	3	3	4	4	-	-	-	-	-	-
Pierre Pual Huetter	1	1	-	-	-	-	-	-	1	1
Radmila Noveska	10	8	-	-	1	-	8	2	-	-
Alison Louise Bleathman	7	1	5	4	-	-	-	-	-	-

Proceedings on behalf of the company

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

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

Non audit services

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

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

Signed in accordance with a resolution of the directors at Canberra, Australian Capital Territory.

Brian Joseph Brown, Chairman

Dated this 8th day of September 2021

Auditor's Independence Declaration

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 8 September 2021

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	9	2,582,711	2,485,823
Other revenue	10	142,292	201,459
Finance income	11	1,490	3,652
Employee benefit expenses	12c)	(1,610,288)	(1,728,596)
Charitable donations, sponsorship, advertising and promotion		(92,476)	(116,163)
Occupancy and associated costs		(40,771)	(44,106)
Systems costs		(139,474)	(142,787)
Depreciation and amortisation expense	12a)	(505,466)	(373,961)
Finance costs	12b)	(50,139)	(74,035)
General administration expenses		(281,755)	(268,666)
Profit/(loss) before income tax credit		6,124	(57,380)
Income tax credit	13a)	1,222	24,545
Profit/(loss) after income tax credit		7,346	(32,835)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		7,346	(32,835)
Earnings per share		¢	¢
- Basic and diluted earnings/(loss) per share:	31a)	0.19	-0.86

Statement of Financial Position as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	14	780,525	628,251
Trade and other receivables	15a)	240,236	209,139
Total current assets		1,020,761	837,390
Non-current assets			
Property, plant and equipment	16a)	401,471	567,822
Right-of-use assets	17a)	1,080,177	1,156,641
Intangible assets	18a)	19,510	66,560
Deferred tax asset	19a)	143,665	142,440
Total non-current assets		1,644,823	1,933,463
Total assets		2,665,584	2,770,853
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	162,461	215,804
Lease liabilities	21a)	265,935	246,497
Employee benefits	23a)	123,468	99,248
Total current liabilities		551,864	561,549
Non-current liabilities			
Lease liabilities	21b)	851,425	904,793
Employee benefits	23b)	31,076	10,404
Provisions	22a)	88,226	82,498
Total non-current liabilities		970,727	997,695
Total liabilities		1,522,591	1,559,244
Net assets		1,142,993	1,211,609
EQUITY			
Issued capital	24a)	2,223,293	2,223,293
Accumulated losses	25	(1,080,300)	(1,011,684)
Total equity		1,142,993	1,211,609

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

	Notes	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019		2,223,293	(902,887)	1,320,406
Total comprehensive income for the year		-	(32,835)	(32,835)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30a)	-	(75,962)	(75,962)
Balance at 30 June 2020		**2,223,293**	**(1,011,684)**	**1,211,609**
Balance at 1 July 2020		2,223,293	(1,011,684)	1,211,609
Total comprehensive income for the year		-	7,346	7,346
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30a)	-	(75,962)	(75,962)
Balance at 30 June 2021		**2,223,293**	**(1,080,300)**	**1,142,993**

Statement of Cash Flows as at 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		2,964,231	2,968,528
Payments to suppliers and employees		(2,336,574)	(2,464,509)
Interest received		994	3,503
Interest paid		(6,887)	(9,567)
Lease payments (interest component)	12b)	(40,116)	(60,615)
Lease payments not included in the measurement of lease liabilities	12d)	(64,302)	(64,544)
Net cash provided by operating activities	26	**517,346**	**372,796**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(6,719)
Payments for intangible assets		(42,220)	(42,220)
Net cash used in investing activities		**(42,220)**	**(48,939)**
Cash flows from financing activities			
Lease payments (principal component)		(246,890)	(226,464)
Dividends paid	30	(75,962)	(75,962)
Net cash used in financing activities		**(322,852)**	**(302,426)**
Net cash increase in cash held		**152,274**	**21,431**
Cash and cash equivalents at the beginning of the financial year		628,251	606,820
Cash and cash equivalents at the end of the financial year	14	**780,525**	**628,251**

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
Level 4 15 Moore Street Canberra ACT 2601	Unit 12 & 13 Wanniassa Shopping Centre Sangster Place Wanniassa ACT 2903
	Shop 19-21 Calwell Shopping Centre Webber Crescent Calwell ACT 2905
	Shop 2A Jerrabomberra Shopping Centre 2 Limestone Avenue Jerrabomberra NSW 2619
	Shop 1 Curtin Shopping Centre 20 Curtin Place Curtin ACT 2605

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 8 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.

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

a) Revenue from contracts with customers *(continued)*

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

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.

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

a) Revenue from contracts with customers *(continued)*

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.

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.

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

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.

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

d) Employee benefits *(continued)*

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

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

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.

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	1 to 20 years
Plant and equipment	Straight-line	1 to 40 years
Motor vehicles	Straight-line	4 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 debtors and creditors, cash and cash equivalents, borrowings, lease liabilities and finance leases.

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

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

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

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

As a lessee

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

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

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

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

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

m) Leases *(continued)*

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

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

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 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 23 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

Note 6 Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

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

Exposure to liquidity risk

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

30 June 2021

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	1,220,188	299,544	749,689	170,955
Trade and other payables	162,461	162,461	-	-
	1,382,649	462,005	749,689	170,955

Note 6 Financial risk management *(continued)*

b) Liquidity risk *(continued)*

Exposure to liquidity risk (continued)

30 June 2020

Non-derivative financial liability	Carrying amount	Contractual cash flows		
		Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	1,331,192	296,254	702,831	332,107
Trade and other payables	215,804	215,804	-	-
	1,546,996	512,058	702,831	332,107

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $780,525 at 30 June 2021 (2020: $628,251). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Change in Accounting Policy / correction of error

Change in accounting policy

During the financial year the company re-assessed the transition option used in the adoption of AASB 16: Leases. The board elected to change from the modified retrospective approach to the simplified modified retrospective approach. This resulted in the right-of-use-asset being re-measured as at 1 July 2019 at an amount equal to the lease liabilities plus the make-good provisions. Instead of it being measured at its carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application.

The reason for the change was the concern the significant adjustments to accumulated losses and deferred tax, whilst technically permissible, could lead to unfair negative impressions of the company's financial position. By changing to the simplified modified retrospective approach the board felt the accounting treatment is now simpler and more readily understandable for users.

Correction of error

As part of this re-assessment of leases on adoption, some lease terms were found they were not actually reasonably certain to be exercised at the time of adoption and as such were removed from the lease liability calculations on 1 July 2019. See the Lease liabilities note for detail on each lease and the lease term used.

The following table summaries the impacts on the 30 June 2020 financial statements:

	As previously reported $	Adjustment $	As restated $
Statement of Financial Position (extract)			
ASSETS			
Non-current assets			
Right-of-use asset	1,296,055	(139,414)	1,156,641
Deferred tax asset	329,614	(187,174)	142,440
TOTAL ASSETS	3,097,441	(326,588)	2,770,853
LIABILITIES			
Current liabilities			
Lease liabilities	203,757	42,740	246,497
Non-current liabilities			
Lease liabilities	1,820,400	(915,607)	904,793
Provisions	68,943	13,555	82,498
TOTAL LIABILITIES	2,418,556	(859,312)	1,559,244
NET ASSETS	678,885	532,724	1,211,609
EQUITY			
Accumulated losses	(1,544,408)	532,724	(1,011,684)
TOTAL EQUITY	678,885	532,724	1,211,609
Statement of Profit or Loss or Other Comprehensive Income (extract)			
Depreciation and amortisation expense	270,329	103,632	373,961
Finance costs	114,148	(40,113)	74,035
Income tax (expense)/credit	(3,721)	28,266	24,545
Total comprehensive income for the year	2,418	(35,253)	(32,835)

Please note the 2020 comparative amounts in notes 13 Income tax expense and 19 Tax assets and liabilities have been restated accordingly for the above changes.

for the year ended 30 June 2021

Note 9 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	2,293,071	2,192,991
- Fee income	190,046	191,139
- Commission income	99,594	101,693
	2,582,711	2,485,823

Note 10 Other revenue

	2021 $	2020 $
- Market development fund income	104,792	138,959
- Cash flow boost	37,500	62,500
	142,292	201,459

Note 11 Finance income

	2021 $	2020 $
- Term deposits	1,490	3,652

Note 12 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	161,073	32,902
- Plant and equipment	5,278	4,326
	166,351	37,228
Depreciation of right-of-use assets		
- Leased land and buildings	274,734	272,352
- Leased motor vehicles	17,331	17,331
	292,065	289,683
Amortisation of intangible assets:		
- Franchise fee	8,552	8,552
- Franchise renewal process fee	38,498	38,498
	47,050	47,050
Total depreciation and amortisation expense	505,466	373,961

b) Finance costs

	2021 $	2020 $
- Lease interest expense	37,718	57,248
- Unwinding of make-good provision	3,136	3,852
- Interest on superannuation payable	6,887	9,568
- Chattel mortgage interest paid or accrued	2,398	3,367
	50,139	74,035

Note 12 Expenses *(continued)*

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	1,381,679	1,498,946
Non-cash benefits	16,145	12,578
Contributions to defined contribution plans	136,840	148,111
Expenses related to long service leave	14,524	(14,502)
Other expenses	61,100	83,463
	1,610,288	1,728,596

d) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	64,302	64,544

Note 13 Income tax expense

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

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax expense		
- Recoupment of prior year tax losses	56,784	-
- Future income tax benefit attributable to losses	-	(26,064)
- Movement in deferred tax	(63,753)	(6,699)
- Reduction in company tax rate	5,747	8,218
	(1,222)	(24,545)

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating profit/(loss) before taxation	6,124	(57,380)
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	1,592	(15,780)
Tax effect of:		
- Non-deductible expenses	1,189	205
- Temporary differences	63,753	6,699
- Other assessable income	(9,750)	(17,188)
- Movement in deferred tax	(63,753)	(6,699)
- Reduction in company tax rate	5,747	8,218
	(1,222)	(24,545)

Note 14 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	740,447	589,043
- Term deposits	40,078	39,208
	780,525	628,251

Note 15 Trade and other receivables

a) Current assets

	2021 $	2020 $
Trade receivables	224,911	194,908
Prepayments	12,342	12,996
Other receivables and accruals	2,983	1,235
	240,236	209,139

Note 16 Property, plant and equipment

a) Carrying amounts

	2021 $	2020 $
Leasehold improvements		
At cost	830,652	830,652
Less: accumulated depreciation	(468,835)	(307,762)
	361,817	522,890
Plant and equipment		
At cost	332,817	332,817
Less: accumulated depreciation	(293,163)	(287,885)
	39,654	44,932
Total written down amount	401,471	567,822

b) Reconciliation of carrying amounts

	2021 $	2020 $
Leasehold improvements		
Carrying amount at beginning	522,890	555,792
Depreciation	(161,073)	(32,902)
	361,817	522,890
Plant and equipment		
Carrying amount at beginning	44,932	42,539
Additions	-	6,719
Depreciation	(5,278)	(4,326)
	39,654	44,932
Motor vehicles		
Carrying amount at beginning	-	67,431
Lease asset transferred out - at cost	-	(69,329)
Lease asset transferred out - accumulated depreciation	-	19,230
Depreciation	-	(17,332)
	-	-
Total written down amount	401,471	567,822

Following the adoption of AASB 16, the company has grouped its leased assets previously recognised in 'property, plant and equipment' in 'right-of-use assets'.

Note 16 Property, plant and equipment *(continued)*

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.

The company's review of estimates resulted in changes in the useful life. Some of the leasehold improvement's useful life had previously been assessed as 40 years. These have now been revised to align with applicable leaseholds estimated lease term. This has resulted in a reduction of the expected useful lifes meaning deprecation rates have been increased which has increased depreciation expense for the year.

Note 17 Right-of-use assets

a) Carrying amounts

	2021 $	2020 $
Leased land and buildings		
At cost	1,594,494	1,378,893
Less: accumulated depreciation	(547,085)	(272,351)
	1,047,409	1,106,542
Leased motor vehicles		
At cost	69,329	69,329
Less: accumulated depreciation	(36,561)	(19,230)
	32,768	50,099
Total written down amount	1,080,177	1,156,641

b) Reconciliation of carrying amounts

	2021 $	2020 $
Leased land and buildings		
Carrying amount at beginning	1,106,542	-
Initial recognition on transition	-	1,367,344
Remeasurement adjustments	215,601	11,550
Depreciation	(274,734)	(272,352)
	1,047,409	1,106,542
Leased motor vehicles		
Carrying amount at beginning	50,099	-
Lease asset transferred in - at cost	-	69,329
Lease asset transferred in - accumulated depreciation	-	(1,899)
Depreciation	(17,331)	(17,331)
	32,768	50,099
Total written down amount	1,080,177	1,156,641

Note 18 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	200,518	200,518
Less: accumulated amortisation	(197,009)	(188,457)
	3,509	12,061
Franchise establishment fee		
At cost	140,000	140,000
Less: accumulated amortisation	(140,000)	(140,000)
	-	-
Franchise renewal process fee		
At cost	342,745	342,745
Less: accumulated amortisation	(326,744)	(288,246)
	16,001	54,499
Other intangible assets		
At cost	34,208	34,208
Less: accumulated amortisation	(34,208)	(34,208)
	-	-
Total written down amount	19,510	66,560

b) Reconciliation of carrying amounts

	2021 $	2020 $
Franchise fee		
Carrying amount at beginning	12,061	20,613
Amortisation	(8,552)	(8,552)
	3,509	12,061
Franchise renewal process fee		
Carrying amount at beginning	54,499	92,997
Amortisation	(38,498)	(38,498)
	16,001	54,499
Total written down amount	19,510	66,560

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 19 Tax assets and liabilities

a) Deferred tax	2021 $	2020 $
Deferred tax assets		
- expense accruals	1,125	1,144
- employee provisions	38,816	34,828
- make-good provision	22,057	21,449
- lease liability	269,876	284,212
- carried-forward tax losses	93,195	153,707
Total deferred tax assets	425,069	495,340
Deferred tax liabilities		
- income accruals	433	321
- property, plant and equipment	19,119	64,877
- right-of-use assets	261,852	287,702
Total deferred tax liabilities	281,404	352,900
Net deferred tax assets (liabilities)	143,665	142,440
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(1,225)	(6,699)

Note 20 Trade creditors and other payables

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

a) Current liabilities	2021 $	2020 $
Trade creditors	20,447	10,561
Other creditors and accruals	142,014	205,243
	162,461	215,804

Note 21 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%. Subsequent lease modifications were discounted at 3.54% and 2.22%.

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:

- Calwell branch: A 5 year renewal option was exercised in September 2017. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is August 2027.
- Curtin branch: A 5 year renewal option was exercised in June 2017. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is May 2027.

Note 21 Lease liabilities *(continued)*

-	Jerrabomberra branch	A 3 year renewal option was exercised in July 2021. As such, the lease term end date used in the calculation of the lease liability is July 2024.
-	Wanniassa branch	A 5 year renewal option was exercised in December 2017. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are not reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is November 2022.
-	Administration office	A 1 year renewal option was exercised in August 2021. As such, the lease term end date used in the calculation of the lease liability is August 2022.
-	Motor vehicles	The lease agreement is a non-cancellable term of three years. The lease includes a balloon payment on May 2022 at which time the registered security over the three motor vehicles is removed.

a) Current lease liabilities

	2021 $	2020 $
Property lease liabilities	260,381	273,548
Unexpired interest	(32,304)	(47,359)
	228,077	226,189
Motor vehicle lease liabilities	39,163	22,706
Unexpired interest	(1,305)	(2,398)
	37,858	20,308
	265,935	246,497

b) Non-current lease liabilities

	2021 $	2020 $
Property lease liabilities	920,644	995,774
Unexpired interest	(69,219)	(128,840)
	851,425	866,934
Motor vehicle lease liabilities	-	39,164
Unexpired interest	-	(1,305)
	-	37,859
	851,425	904,793

c) Reconciliation of lease liabilities

	2021 $	2020 $
Balance at the beginning	1,151,290	77,505
Initial recognition on AASB 16 transition	-	1,288,672
Remeasurement adjustments	212,960	11,577
Lease interest expense	40,116	60,615
Lease payments - total cash outflow	(287,006)	(287,079)
	1,117,360	1,151,290

The remeasurement adjustment was mainly due to lease term extensions for Jerrabomberra branch and the Administration Office lease liabilities. A number of annual rent increases also occurred during the period.

Note 21 Lease liabilities *(continued)*

d) Maturity analysis

	2021 $	2020 $
- Not later than 12 months	299,544	296,254
- Between 12 months and 5 years	749,689	702,831
- Greater than 5 years	170,955	332,107
Total undiscounted lease payments	1,220,188	1,331,192
Unexpired interest	(102,828)	(179,902)
Present value of lease liabilities	1,117,360	1,151,290

Note 22 Provisions

a) Non-current liabilities

	2021 $	2020 $
Make-good on leased premises	88,226	82,498

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provisions based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated Provisions
Calwell Branch	August 2027	$25,000
Curtin Branch	May 2027	$25,000
Jerrabomberra Branch	July 2024	$25,000
Wanniassa Branch	November 2022	$25,000
Administration Office	August 2022	$810

Note 23 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	114,693	91,523
Provision for long service leave	8,775	7,725
	123,468	99,248

b) Non-current liabilities

	2021 $	2020 $
Provision for long service leave	31,076	10,404

c) Key judgement and assumptions

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

Note 24 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	2,520,014	1,008,007	2,520,014	1,008,007
Ordinary shares - fully paid (Jerrabomberra)	494,401	494,401	494,401	494,401
Ordinary shares - fully paid (Curtin)	783,700	783,700	783,700	783,700
Less: equity raising costs (Jerrabomberra)	-	(32,082)	-	(32,082)
Less: equity raising costs (Curtin)	-	(30,733)	-	(30,733)
	3,798,115	2,223,293	3,798,115	2,223,293

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

Note 24 Issued capital *(continued)*

b) Rights attached to issued capital *(continued)*

Prohibited shareholding interest (continued)

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

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

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

Note 25 Accumulated losses

	Note	2021 $	2020 $
Balance at beginning of reporting period		(1,011,684)	(902,887)
Net profit (loss) after tax from ordinary activities		7,346	(32,835)
Dividends provided for or paid	30a)	(75,962)	(75,962)
Balance at end of reporting period		(1,080,300)	(1,011,684)

Note 26 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit (loss) after tax from ordinary activities	7,346	(32,835)
Adjustments for:		
- Depreciation	458,416	326,911
- Amortisation	47,050	47,050
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(31,098)	20,875
- (Increase)/decrease in other assets	(14,824)	(24,544)
- Increase/(decrease) in trade and other payables	(11,125)	43,083
- Increase/(decrease) in employee benefits	44,892	(11,596)
- Increase/(decrease) in provisions	16,689	3,852
Net cash flows provided by operating activities	517,346	372,796

Note 27 Financial instruments

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

	Note	2021 $	2020 $
Financial assets			
Cash and cash equivalents	14	740,447	589,043
Trade and other receivables	15	227,894	196,143
Term deposits	14	40,078	39,208
		1,008,419	824,394
Financial liabilities			
Trade and other payables	20	162,461	215,804
Lease liabilities	21	1,117,360	1,151,290
		1,279,821	1,367,094

Note 28 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	7,500	7,400
Non audit services		
- Taxation advice and tax compliance services	5,540	1,300
- General advisory services	7,090	3,350
- Share registry services	4,727	4,424
Total auditor's remuneration	24,857	16,474

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Neale Desmond Guthrie
Brian Joseph Brown
Alison Louise Bleathman
Klarisa Dominka Cengic
Radmila Noveska
Nigel William Phair
Sarah Davina Rajic
Adrienne Marie Day-Hodge
Alice Tay
Lisa Marie Moore
Pui Chun Cheung
Pierre Pual Huetter

Note 29 Related parties *(continued)*

b) Key management personnel compensation

Key management personnel compensation comprised the following.	2021 $	2020 $
Short-term employee benefits	18,250	17,908
Post-employment benefits	1,734	1,880
	19,984	19,788

Compensation of the company's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined contribution plan.

c) Related party transactions

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

Note 30 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Unfranked dividend	2.00	75,962	2.00	75,962

Note 31 Earnings per share

a) Basic and diluted earnings per share

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

	2021 $	2020 $
Profit/(loss) attributable to ordinary shareholders	7,346	(32,835)
	Number	Number
Weighted-average number of ordinary shares	3,798,115	3,798,115
	Cents	Cents
Basic and diluted earnings/(loss) per share	0.19	(0.86)

Note 32 Commitments

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

Note 33 Contingencies

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

Note 34 Subsequent events

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

Directors' declaration

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

In the opinion of the directors:

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

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

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

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

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

Brian Joseph Brown, Chairman

Dated this 8th day of September 2021

Partners in success
Chartered Accountants

61 Bull Street
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Independent auditor's report to the Directors of Molonglo Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Molonglo Financial Services Limited's (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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

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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.

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: 8 September 2021

Adrian Downing
Lead Auditor

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