

Annual Report 2021

Monbulk & District
Community Enterprises
Limited

Community Bank
Monbulk & District

ABN 76 146 945 959



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Monbulk & District Community Enterprises Ltd

Our Vision

Our vision is to inspire, connect and lead our communities for sustainable growth and a vibrant future for all.

Our Strategy

Our strategy is to focus on offering exceptional service, the number one bank of choice in the region and to share the benefits with our community.

Our Values

Ethical

We act with honesty, and we deliver on our commitments.

Responsive

We are flexible and positive, adapting to changes in our customers and community's needs.

Innovative

We look to continually improve on the success of our business. We encourage creative thinking, new ideas and better solutions for and from our team, customers and community to create a sustainable business.

Community

We are passionate about giving back to the community we live in. We strive to create opportunities for connection and participation within our community, building strength and resilience.

Shared Value

We feed into the prosperity of our community rather than off it, leaving a legacy by investing in and for future generations.

We respectfully acknowledge the past and present traditional owners of this land -The Wurundjeri people, their Ngurungaeta- Murrundindi, and their Elders. We also acknowledge with respect the First Australian peoples as the Traditional Custodians of this country and their continued connection to land, sea, and culture.

Monbulk & District Community Enterprises Ltd

Our People

Our dedicated branch team



Our Directors



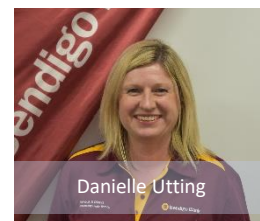
Leo Koelewijn



Ray Yates



Kellie Clay



Danielle Utting



Stephen McDonald



Jenni Nash



Pete D'Abico



Andrew Raper



Sarah Tebbutt



Rachel Hogan Board Admin

Monbulk & District Community Enterprises Ltd



Kallista Primary School

OUR COMMUNITY

The groups in our community we have supported in the last 12 months.

Rotary Club of Monbulk
Monbulk Historical Society
Pawsome Friends
CWA Monbulk
Monbulk Rangers Soccer Club
Monbulk Junior Football Club
Trek Learning
Monbulk CFA
Monbulk Produce Market
Monbulk Tennis Club
Monbulk College
1st Monbulk Scout Group
MADCOW
Mountain District Christian School
Emerald Monbulk Wildlife Shelter
Monbulk Cricket Club
Monbulk Landcare
Monbulk Preschool
Monbulk Marlins
The Patch Primary School
The Patch Kinder

Tribe Youth Monbulk
Monbulk Emergency Relief Fund
Sylvan Glades
Kindred Kindness
Monbulk Netball Club
Monbulk Primary School
Monbulk Football Netball Club
Monbulk Table Tennis Club
1st Kallista Scout Group
Monbulk Clematis Adult Riding Club
Dandenong Ranges Music Council
Monbulk Men's Shed
CWA Lady Nighthawks
Quilts for Orphans
St Paul's Primary School
Kallista Primary School
Monbulk Girl Guides
Monbulk Bowling Club
Monbulk Pony Club
Monbulk RSL
Monbulk Care Network

Monbulk & District Community Enterprises Ltd



○ Monbulk Primary School ○ Monbulk Pre-School ○ Monbulk Wildlife Shelter ○

Our Community Bank Model

For more than 9 years our Community Bank branch has continued to resonate with customers and our communities.

We deliver so much more than just quality banking services:

- Jobs for local people.
- Investment opportunities for local shareholders.
- Profits for the community; and
- Funding and assistance for important community projects.

This Local branch, owned by community, putting back into local projects.

Our Donations help build stronger, engaged, and authentic communities

Chairman's Report

For year ending 30 June 2021

It is a privilege to present the Company's Annual Report for the year ending 30th June 2021.

A full financial year impacted by Covid 19 lockdowns and restrictions has presented enormous difficulties in the conduct of our day-to-day business activities.

Our Branch Manager and staff have not only conducted themselves with total professionalism in the branch but also in lending a compassionate ear to customers trials and tribulations during this very difficult time which continue to the present day. The Board and I appreciate their efforts in this regard and also the excellent mutual support afforded to each other in branch.

Monbulk and districts have seen some casualties in the retail arena which is evident in some shop closures. I urge everyone to shop locally wherever possible.

Horticulture and floriculture have thrived and in this environment the bank has consolidated its strong past growth and grown our total business. We are pleased to have reached \$177,797,009.00 in total business. This represents a growth of \$18,139,093.00 for the year.

To achieve greater market penetration and connectivity the Board decided to introduce a Business Development Manager, which is effectively a Mobile Lending Manager, to the team. Margaret Trezise has taken on this role with great enthusiasm, and we are confident that our community will appreciate the personal service and flexibility this role will provide for them.

Our community investment now stands at \$594,800. This has delivered a great benefit to our town and district. This could only be dreamed of in the past and now delivers great pride in our staff and Board.

National community investment now stands at \$272 million. This is an enormous achievement and now delivers an ever-increasing focus on what makes the Community Bank model unique.

The full Board meets eleven times a year. All sub committees meet regularly or on an as needs basis. During the year focus is always on treasury, governance, business development, community investment and support of our manager Aimee te Boekhorst.

I thank all my fellow Directors for their dedicated effort and enthusiasm in which they approach their director's responsibilities.

I thank all our customers and shareholders for their continuing support and enabling us to grow our investment in our community.



The Board, staff and myself are mindful of the effect of the continuing pandemic and wish everyone well in the future. Please lend an ear to those struggling and guide them to where they can find help and direction.

Leo Koelewyn
Chairman MDCEL

Branch Manager's Report

For year ending 30 June 2021

Thank you to everyone for making the time to attend our 2021 AGM.

This is the tenth financial year since Community Bank Monbulk & District opened its doors, on February 7th, 2012. Since then, we have grown our brand and goodwill within the Monbulk & District area and have a solid reputation of customer service and supporting our local community. We are looking forward to celebrating our 10th Birthday with our community in early 2022.

As of the close of business on the 30th of June 2021 we have increased our customer base to 2973 customers.

Over the past eighteen months other banks who were in town have closed their doors permanently. As an essential service we have remained committed to our community. 'We're Open and We're Here for you.'

While Covid has created many challenges, it has also highlighted the amazing resilience and capacity we have to support each other in times of need. It's this support that enables us to build stronger bonds and strengthen our community.

Throughout the pandemic we have seen a greater emphasis on people keen to bank local and support local traders and in turn, people have moved their banking to Community Bank Monbulk & District.

Our total business holdings at the end of the 2020/2021 financial year was \$177,797,009.00 in holdings. This represents a net growth of \$18,139,093.00 during the last financial year. To all of our existing and new customers thank you for contributing to these figures.

We believe it is so important to be here for the people of Monbulk & District. We have seen firsthand the difficulties faced by the people of our community during the pandemic and most recently with the severe storms that hit our area at the beginning of June 2021. We were privileged to work with community groups such as Monbulk Emergency Management Group, Monbulk RSL, Monbulk Rotary and Monbulk Open Door Church to provide support and assistance to our town through this difficult event.

Community Banking is a grassroots social enterprise business model that aims to feed into the prosperity of communities, where revenue is generated by the bank's customers and invested back to the community via programs such as sponsorship and grants.

To all of our Community Bank Shareholders, you are all a part of something special and should be proud.

Our vision is to support not only our customers, but our local clubs, groups, schools and organisations and we have successfully achieved this over the past financial year.

Since opening in 2012 we have given back just under \$600,000 to our community and this is a wonderful achievement for all involved.

Branch Manager's Report

For year ending 30 June 2021

We have also provided much needed assistance to many small groups through our Covid Small Grants program aimed at helping in the recovery from Covid. From two iPads to assist Monbulk Preschool educators to connect to students at home, to supporting students returning to school at Kallista Primary with friendship chairs to enable children to connect with others on their return to school.

Envisage what this model could look like if everyone in the Monbulk and District area banked with us.

Since our last AGM we have welcomed a new staff members Ellie, Tania and Ella to our team. We have also seen Margaret move into the newly created Business Development Role which is allowing her to reach out to our customers and community to help with their banking in a more flexible way. Thank you to all our staff; Rebecca, Margaret, Sarah, Fiona, Ellie, Tania and Ella. I personally thank you for everything you do and I know all of our directors and customers would agree with me when I say what a fantastic team you are. The love you have for your roles and for our customers shines through in everything that you do.

Thank you to the whole board of directors for your continued support of the branch and thank you for your vision to support our community. Having such a great board drives the amazing support to the community.

I would also like to extend my thanks to Danielle Utting who will be retiring in her role as volunteer director with us. Danielle has been a director for 3 years and in that time has made a significant contribution to our board.



To our RGM Simon Sponza and previous RGM Shelley McLean and support staff of Bendigo and Adelaide Bank thank you for your continued assistance and ongoing support.

Finally, on behalf of myself and my team, we would like to thank everyone who continues to support the Monbulk and District Community.

**Aimee te Boekhorst | Branch Manager
Community Bank – Monbulk & District**

Treasurer's Report

For year ending 30 June 2021

I am pleased to present you with the finance report for the year ended 30 June 2021.

It has been a year of many challenges for our community bank, our local community and our country as a whole. The Covid 19 pandemic and the various government restrictions we have had to navigate through, have had significant impact on our staff and our business but not on our commitment to supporting our customers, shareholders and community.

We have been able to continue to provide excellent service and support throughout the year during the various periods of lockdown and we are now the only remaining bank with a presence in Monbulk. It is very pleasing to see that the support we enjoy from the Monbulk community continues to grow each year and we have seen strong growth in the number of customers we serve.

The impact of Covid 19 on our community and local business is also reflected in our financial results by the contraction in the revenue we have generated for the year. This was a result of the low interest rate environment we are operating within and strong pricing competition from other banks. Our operating costs continue to be well managed and were reduced from the prior year and as a result our profit before income tax expense was \$122,821.

Our long term revenue growth is driven by our increasing pool of business, which pleasingly grew by \$18 million in the 2021 financial year and is now at approximately \$178 million. This level of growth in a challenging year is a testament to the quality of service provided to our customers by our staff and the level of support we enjoy within the local community.

The profitability of the business in turn has driven strong operating cash flows, allowing us to remain debt free, whilst expanding our contribution to the community.

Our sound financial position and strong cash flow has also allowed us to maintain our returns to shareholders and accordingly we have declared an unfranked dividend of 8 cents per share in respect of the 2021 year. This dividend will be paid on 12 November 2021.

In summary, despite the tougher trading conditions, we have grown our business, delivered sound financial results, strengthened our financial position, maintained our dividends and increased our ongoing contribution to the local community.



We look forward to another successful year ahead.

Stephen McDonald
Director

Secretary's Report

For year ending 30 June 2021

Community Banks are some of the most compelling and powerful organizations on the Australian business landscape. Once you reach beyond the mystery and learn about their remarkable generous business ethics, company practices, creation of lifestyle and diversity, they become even more fascinating.

A crucial element to the ongoing success of the Company and its business is to ensure that there is broad ownership of the Company by members of the community or communities in which the Company predominantly carries on its business.

The Directors are to protect and enhance that broad ownership

We wish for you to build your own connection with the bank as it is truly transformative.

In this the 10th Annual Report we have chosen to bring you an update with journey of success for the Monbulk and Districts.

Almost \$600,000 has been distributed to community groups in that time (about \$1,300 each week) is poured into those community groups.

It is a monumental achievement.

The identity and culture of our community is only as strong as the young people our community raises. We see ourselves as a vehicle for building a better and sustainable society and we reflect upon the positive differences we can make to their lives and the lives of others in our community. It is how we best live together and how we are intentionally sharing the important work of shaping society with a collective responsibility.

As my life moves to its twilight, I find the more I read and have interchanges with society members the realization that I know very little abounds and I would love to start all over again

Says Plato "I am the wisest man alive for I know one thing and that is I know nothing"

I have learnt much during these times.

The Banks role is nurturing our society to courageous decisions and initiatives. We want our community to lead meaningful, unselfish and purposeful lives by being part of the community both as a partner, and a colleague.

Reflecting on the impact of our Staff on the community in the COVID era

COVID has tested our staff, structures, systems in a way not experienced before. Staff have made sacrifices in terms of their banking role.

They have developed the intersection of active listening and seeking understanding through responsive conversations with customers to a remarkably civilized degree.

This mission of wellbeing has been a hallmark of the staff during this pandemic. They have purveyed the sense of community membership. This is a recognition of belonging, respect, and dignity.

Secretary's Report

They have encouraged and nurtured our customers in a courageous manner through wise voices, encouragement and listening.

This partnership has had a dramatic impact on the clients lives. The staff's consistent support for the well-being, as well, has, also, been for the fellow staff.

Each member has contributed their gifts and abilities to each other for the benefit of the team and the culture of the workplace.

This recognition of belonging, dignity and respect has been profound. The staff's demonstration is an extreme example that human beings must learn to live together, or we will not live at all. I join with Leo our Chairman and my fellow Directors in expressing our overwhelming appreciation for the staff in these COVID times.

They have woven into the fabric of the Bank an authentic example of this community spirit.

This scaffold of contemporary Community Bank practices brings a new clarity in the role of the Bank.



They have clearly allowed the Community Bank to flourish as members and helpers of our community. Their words and deeds align. Their steadfastness in these times reflect Plato's words "Courage is knowing what not to fear". They have managed the fear of COVID not only for themselves but for the community.

Ray Yates
Secretary

Notes

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

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

Bendigo & Adelaide Bank Report

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

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

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

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

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

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

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

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



Collin Brady
Head of Community Development

Directors' report

Monbulk & District Community Enterprises Limited 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:

Leonardus Josephus Cornelis Koelewyn

Chairman

Occupation: Nurseryman

Qualifications, experience and expertise: Career nurseryman, Vice Chairman and Finance Director of the Monbulk Bowling Club, Vice President of the Monbulk Football Club, past President Nursery and Garden Industry Victoria, past Board member Melbourne International Flower and Garden Show, past Board member Garden State Advisory Council. Past Chairman of Woori Yallock Creek Streamflow Management Committee.

Special responsibilities: Chairman & HR Committee

Interest in shares: 82,000 ordinary shares

Raymond Leslie Yates

Secretary

Occupation: Retired

Qualifications, experience and expertise: Shire Councillor for 21 years. Justice of the Peace. Freeman of the Shire of Lilydale, former President of Rotary and Paul Harris Fellow, life member of Japara Community House, life member of Lilydale Historical Society, trust member of Lilydale and Districts Museum, Citizen of the Year Yarra Ranges Shire, foundation member of the Upper Yarra Valley and Dandenong Ranges Planning Authority, inaugural member of the Australian Local Government Association, school Principal for over 28 years. Recipient of the Centenary Medal and National Service Medal. Professional development presenter and facilitator. Chairman of Dandenong Ranges Music Council. Chairperson of Japara Community House. Treasurer of Sylvan Glades Homes.

Special responsibilities: Company Secretary, Governance Committee

Interest in shares: 10,000 ordinary shares

Jennifer Rae Nash

Non-executive director

Occupation: Property Consultant & Real estate sales

Qualifications, experience and expertise: A long time resident of Monbulk, Jenni currently works for a local real estate office. She has previously owned her own business in Monbulk and has managed other businesses including women's and children's fashion stores and wholesale florists. She is a past President of St Paul's Primary School Parents and Friends Assoc., where her three children attended school. Jenni also co-ordinated the fundraising for Monbulk Jnr football club for three years and is a past member of the Monbulk Business Network. Her passion for the Monbulk community is reflected in her role here at the Community Bank, and in her drive to promote the benefits of banking with Bendigo and how the bank supports the community. Jennifer currently volunteers at Monbulk Care Network Op Shop.

Special responsibilities: Minutes Secretary, Marketing Committee

Interest in shares: 500 ordinary shares

Sarah Melanie Tebbutt

Non-executive director

Occupation: Self Employed

Qualifications, experience and expertise: Sales and small business management, business development, quality assurance, innovation and training. Current School Council President at The Patch Primary, current President of The Patch Parents Association, founder and past Secretary Friends of Glenfern Valley Bushlands, 2017 Yarra Ranges Australia Day Award recipient for contribution to the community. Sarah is also a past president of the Patch Primary School and The Patch Parents Association.

Special responsibilities: Chair Business Development Committee, HR Committee

Interest in shares: 4,000 ordinary shares

Directors' report

Directors (continued)

Andrew James Raper

Non-executive director

Occupation: Nurseryman

Qualifications, experience and expertise: Qualified Nurseryman. Current President of Camellias Victoria and National council representative to Camellias Australia. Past Board member of Nursery and Garden Industry Victoria, Melbourne International Flower and Garden Show.

Special responsibilities: Nil

Interest in shares: 5,000 ordinary shares

Kellie Ann Clay

Non-executive director

Occupation: Accountant

Qualifications, experience and expertise: Kellie began working in public accounting in 1996 while completing her Bachelor of Business (Accounting). She began managing an office branch of Taxbiz Australia in 2004 and was offered partnership in 2009. In 2015 she founded Elysium Accounting with two business partners. In Kellie's 20 years of experience in public accounting she has gained a vast knowledge of many aspects of business, including taxation, accounting principles, business structures, audit, internal business practices & systems, and SMSF advice. She has gained experience in many different business industries.

Special responsibilities: Finance Committee, HR Committee

Interest in shares: nil share interest held

Stephen Michael McDonald

Non-executive director

Occupation: Accountant

Qualifications, experience and expertise: Stephen is a senior financial executive with broad experience in all aspects of financial management, corporate governance, and management of risk, ICT and supply chain functions in both private and publicly listed companies. In a career spanning 29 years in the accounting profession, Stephen has held a number of senior finance roles across a broad range of industries. Stephen is a member of CPA Australia and holds a Bachelor of Economics from Monash University. An active contributor to the local community, Stephen was a school councillor at The Patch primary school for 8 years, on the committee of The Patch Landcare Group, is currently the secretary of the Monbulk Junior Football Club and is a member of the Advisory Board of Mount Lilydale Mercy College.

Special responsibilities: Finance Committee, HR Committee

Interest in shares: nil share interest held

Peter Herbert D'Abico

Non-executive director

Occupation: Self Employed - Grounds Maintenance

Qualifications, experience and expertise: Peter is a small business owner & operator. Former Banker & Cattle Farmer.

Special responsibilities: Nil

Interest in shares: nil share interest held

Directors' report

Directors (continued)

Danielle Maree Utting
Non-executive director

Occupation: Director and Business Owner - Care3

Qualifications, experience and expertise: Currently the Director for Care3, a business that provides advice and support to Aged people needing more care at home or nursing home care. Danielle holds a Bachelor of Arts/Bachelor of Social Work and has experience working in Local & State Government and Not-For Profits. Danielle is involved in the Monbulk Primary School Council and Monbulk Preschool Committees and has experience in Community Grants program with Knox Council. She also is involved with the Monbulk Netball club by way of the Club Committee.

Special responsibilities: Sponsorships & marketing

Interest in shares: 5,000 ordinary shares

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 Raymond Yates. Raymond was appointed to the position of secretary on 24 November 2014.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
99,033	188,307

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Leonardus Josephus Cornelis Koelewyn	82,000	-	82,000
Raymond Leslie Yates	10,000	-	10,000
Jennifer Rae Nash	500	-	500
Sarah Melanie Tebbutt	4,000	-	4,000
Andrew James Raper	5,000	-	5,000
Kellie Ann Clay	-	-	-
Stephen Michael McDonald	-	-	-
Peter Herbert D'Abico	-	-	-
Danielle Maree Utting	5,000	-	5,000

Directors' report

Dividends

During the financial year, the following dividends were provided for and paid.

	Cents per share	Total amount \$
Final unfranked dividend	8	68,081

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' report

Directors' meetings

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

E - eligible to attend
A - number attended

	Board Meetings	
	<i>E</i>	<i>A</i>
Leonardus Josephus Cornelis Koelewyn	11	11
Raymond Leslie Yates	11	9
Jennifer Rae Nash	11	11
Sarah Melanie Tebbutt	11	9
Andrew James Raper	11	10
Kellie Ann Clay	11	7
Stephen Michael McDonald	11	10
Peter Herbert D'Abico	11	11
Danielle Maree Utting	11	8

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 26 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

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



Kellie Ann Clay, Director

Dated this 19th day of October 2021

Auditors Independent 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 Monbulk & District Community Enterprises Limited

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 19 October 2021

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

Adrian Downing
Lead Auditor

...

Financial Statements

Monbulk & District Community Enterprises Limited Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	979,932	1,081,889
Other revenue	9	37,500	81,171
Employee benefit expenses	10c)	(543,184)	(590,400)
Charitable donations, sponsorship, advertising and promotion		(115,429)	(93,103)
Occupancy and associated costs		(20,488)	(21,917)
Systems costs		(34,893)	(35,982)
Depreciation and amortisation expense	10a)	(64,278)	(65,852)
Finance costs	10b)	(9,821)	(8,089)
General administration expenses		(106,518)	(106,389)
Profit before income tax expense		122,821	241,328
Income tax expense	11a)	(23,788)	(53,021)
Profit after income tax expense		99,033	188,307
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		99,033	188,307
Earnings per share		¢	¢
- Basic and diluted earnings per share:	29a)	11.64	22.13

Financial Statements (Continued)

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	443,153	345,641
Trade and other receivables	13a)	91,145	102,371
Total current assets		534,298	448,012
Non-current assets			
Property, plant and equipment	14a)	120,940	134,865
Right-of-use assets	15a)	192,932	124,498
Intangible assets	16a)	23,552	36,983
Deferred tax asset	17a)	39,612	63,400
Total non-current assets		377,036	359,746
Total assets		911,334	807,758
LIABILITIES			
Current liabilities			
Trade and other payables	18a)	94,696	82,623
Lease liabilities	19a)	32,949	23,975
Employee benefits	21a)	57,402	57,116
Total current liabilities		185,047	163,714
Non-current liabilities			
Trade and other payables	18b)	-	15,258
Lease liabilities	19b)	169,970	106,082
Employee benefits	21b)	15,181	10,985
Provisions	20a)	19,673	21,208
Total non-current liabilities		204,824	153,533
Total liabilities		389,871	317,247
Net assets		521,463	490,511
EQUITY			
Issued capital	22a)	823,643	823,643
Accumulated losses	23	(302,180)	(333,132)
Total equity		521,463	490,511

Financial Statements (Continued)

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019		823,643	(470,378)	353,265
Total comprehensive income for the year		-	188,307	188,307
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(51,061)	(51,061)
Balance at 30 June 2020		823,643	(333,132)	490,511
Balance at 1 July 2020		823,643	(333,132)	490,511
Total comprehensive income for the year		-	99,033	99,033
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(68,081)	(68,081)
Balance at 30 June 2021		823,643	(302,180)	521,463

Financial Statements (Continued)

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,148,689	1,245,024
Payments to suppliers and employees		(909,660)	(894,976)
Interest paid		(1,221)	-
Lease payments (interest component)	10b)	(7,706)	(7,099)
Lease payments not included in the measurement of lease liabilities	10d)	(15,716)	(16,381)
Net cash provided by operating activities	24	214,386	326,568
Cash flows from investing activities			
Payments for property, plant and equipment		(1,642)	(8,092)
Payments for intangible assets		(13,872)	(13,872)
Net cash used in investing activities		(15,514)	(21,964)
Cash flows from financing activities			
Lease payments (principal component)		(33,279)	(33,102)
Dividends paid	28a)	(68,081)	(51,061)
Net cash used in financing activities		(101,360)	(84,163)
Net cash increase in cash held		97,512	220,441
Cash and cash equivalents at the beginning of the financial year		345,641	125,200
Cash and cash equivalents at the end of the financial year	12	443,153	345,641

Notes to Financial Statements (continued)

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
70 Main Road MONBULK VIC 3793	70 Main Road MONBULK VIC 3793

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

Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 19 October 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

Notes to Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

<u>Revenue</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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.

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.

Notes to Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)*Ability to change financial return (continued)*

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.

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

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

Notes to Financial Statements (continued)

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.

Notes to Financial Statements (continued)

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.

Notes to Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

f) Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	4 to 40 years
Plant and equipment	Straight-line	1 to 40 years

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

h) Intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise. The company has also acquired a customer list from Bendigo Bank.

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

The franchise fees paid by the company and domiciled customer accounts acquired are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)
Domiciled customer accounts	Assessed for impairment	Indefinite

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

i) Financial instruments

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

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

Notes to Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

i) Financial instruments (continued)

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

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

j) Impairment*Non-derivative financial assets*

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

As a lessee

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

Notes to Financial Statements (continued)

Note 4 Summary of significant accounting policies (continued)

m) Leases (continued)*As a lessee (continued)*

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

Notes to Financial Statements (continued)

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

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:

<u>Note</u>	<u>Judgement</u>
- Note 19 - 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.

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:

<u>Note</u>	<u>Assumptions</u>
- Note 10a) - impairment test of intangible assets	key assumptions underlying recoverable amounts;
- Note 14 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;
- Note 20 - 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.

Notes to Financial Statements (continued)

Note 6 Financial risk management (continued)

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

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	202,919	40,831	163,324	23,818
Trade and other payables	94,696	94,696	-	-
	<u>297,615</u>	<u>135,527</u>	<u>163,324</u>	<u>23,818</u>

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	130,057	29,573	86,765	34,344
Trade and other payables	97,881	82,623	15,258	-
	<u>227,938</u>	<u>112,196</u>	<u>102,023</u>	<u>34,344</u>

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.

The company held cash and cash equivalents of \$443,153 at 30 June 2021 (2020: \$345,641). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Notes to Financial Statements (continued)

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 8 Revenue from contracts with customers

	2021 \$	2020 \$
- Margin income	741,705	871,990
- Fee income	64,820	62,332
- Commission income	173,407	147,567
	<u>979,932</u>	<u>1,081,889</u>

Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	-	17,500
- Cash flow boost	37,500	62,500
- Other income	-	1,171
	<u>37,500</u>	<u>81,171</u>

Note 10 Expenses

a) Depreciation and amortisation expense	2021 \$	2020 \$
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	8,404	8,402
- Plant and equipment	7,163	7,709
	<u>15,567</u>	<u>16,111</u>

Notes to Financial Statements (continued)

Note 10 Expenses (continued)

a) Depreciation and amortisation expense (continued)	2021	2020
	\$	\$
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	35,280	36,310
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,238	2,238
- Franchise renewal process fee	11,193	11,193
	<u>13,431</u>	<u>13,431</u>
Total depreciation and amortisation expense	<u>64,278</u>	<u>65,852</u>
b) Finance costs		
- Lease interest expense	7,706	7,099
- Unwinding of make-good provision	894	990
- Other	1,221	-
	<u>9,821</u>	<u>8,089</u>
Finance costs are recognised as expenses when incurred using the effective interest rate.		
c) Employee benefit expenses		
Wages and salaries	451,761	480,288
Contributions to defined contribution plans	44,666	45,960
Expenses related to long service leave	9,201	6,840
Other expenses	37,556	57,312
	<u>543,184</u>	<u>590,400</u>
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	<u>15,716</u>	<u>16,381</u>

Notes to Financial Statements (continued)

Note 11 Income tax expense

a) Amounts recognised in profit or loss	2021 \$	2020 \$
<i>Current tax expense</i>		
Recoupment of prior year tax losses	25,817	56,832
<i>Deferred tax expense</i>		
Movement in deferred tax applicable to:		
- Decrease in accruals	-	440
- (Increase)/decrease in annual leave provision	1,227	(2,862)
- Increase in long service leave provision	(2,392)	(1,881)
- (Increase)/decrease in staff bonuses provision	1,373	(394)
- Difference in tax and accounting for leases	(753)	(7,360)
- Difference in tax and accounting depreciation	(3,068)	(1,619)
Adjustment to deferred tax on AASB 16 retrospective application	-	6,207
Reduction to company tax rate in future periods	1,584	3,658
	<u>(2,029)</u>	<u>(3,811)</u>
Total income tax expense	<u>23,788</u>	<u>53,021</u>
b) Prima facie income tax reconciliation		
Operating profit before taxation	122,821	241,328
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	31,933	66,365
Tax effect of:		
- Non-deductible expenses	21	187
- Temporary differences	3,613	7,468
- Non assessable income	(9,750)	(17,188)
- Movement in deferred tax	(3,613)	(13,676)
- Leases initial recognition	-	6,207
- Reduction in company tax rate	1,584	3,658
	<u>23,788</u>	<u>53,021</u>

Note 12 Cash and cash equivalents

	2021 \$	2020 \$
Cash at bank and on hand	<u>443,153</u>	<u>345,641</u>

Note 13 Trade and other receivables

a) Current assets	2021 \$	2020 \$
Trade receivables	80,992	95,742
Prepayments	9,953	6,429
Other receivables and accruals	200	200
	<u>91,145</u>	<u>102,371</u>

Notes to Financial Statements (continued)

Note 14 Property, plant and equipment

a) Carrying amounts	2021 \$	2020 \$
<i>Leasehold improvements</i>		
At cost	212,070	212,070
Less: accumulated depreciation	(109,142)	(100,738)
	102,928	111,332
<i>Plant and equipment</i>		
At cost	68,126	66,484
Less: accumulated depreciation	(50,114)	(42,951)
	18,012	23,533
Total written down amount	120,940	134,865
b) Reconciliation of carrying amounts		
<i>Leasehold improvements</i>		
Carrying amount at beginning	111,332	117,987
Additions	-	1,747
Depreciation	(8,404)	(8,402)
	102,928	111,332
<i>Plant and equipment</i>		
Carrying amount at beginning	23,533	24,896
Additions	1,642	6,346
Depreciation	(7,163)	(7,709)
Carrying amount at end	18,012	23,533
Total written down amount	120,940	134,865
c) Changes in estimates		

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

Note 15 Right-of-use assets

a) Carrying amounts	2021 \$	2020 \$
<i>Leased land and buildings</i>		
At cost	355,362	251,649
Less: accumulated depreciation	(162,430)	(127,151)
Total written down amount	192,932	124,498

Notes to Financial Statements (continued)

Note 15 Right-of-use assets (continued)

b) Reconciliation of carrying amounts	2021 \$	2020 \$
<i>Leased land and buildings</i>		
Carrying amount at beginning	124,498	-
Initial recognition on transition	-	251,645
Accumulated depreciation on adoption	-	(90,841)
Remeasurement adjustments	103,714	4
Depreciation	(35,280)	(36,310)
Total written down amount	<u>192,932</u>	<u>124,498</u>

Note 16 Intangible assets

a) Carrying amounts	2021 \$	2020 \$
<i>Franchise fee</i>		
At cost	21,192	21,192
Less: accumulated depreciation	(19,826)	(17,588)
	<u>1,366</u>	<u>3,604</u>
<i>Franchise establishment fee</i>		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
<i>Franchise renewal process fee</i>		
At cost	55,961	55,961
Less: accumulated amortisation	(49,135)	(37,942)
	<u>6,826</u>	<u>18,019</u>
<i>Cash-generating unit - domiciled accounts</i>		
At cost	<u>15,360</u>	<u>15,360</u>
<i>Other intangible assets</i>		
At cost	24,000	24,000
Less: accumulated amortisation	(24,000)	(24,000)
	<u>-</u>	<u>-</u>
Total written down amount	<u>23,552</u>	<u>36,983</u>

Notes to Financial Statements (continued)

Note 16 Intangible assets (continued)

b) Reconciliation of carrying amounts	2021 \$	2020 \$
<i>Franchise fee</i>		
Carrying amount at beginning	3,604	5,842
Amortisation	(2,238)	(2,238)
	1,366	3,604
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	18,019	29,212
Amortisation	(11,193)	(11,193)
	6,826	18,019
<i>Cash-generating unit - domiciled accounts</i>		
Carrying amount at beginning	15,360	15,360
Total written down amount	23,552	36,983
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 17 Tax assets and liabilities

a) Deferred tax	2021 \$	2020 \$
<i>Deferred tax assets</i>		
- employee provisions	19,646	20,639
- make-good provision	4,918	5,514
- lease liability	50,730	33,815
- carried-forward tax losses	26,351	53,222
Total deferred tax assets	101,645	113,190
<i>Deferred tax liabilities</i>		
- property, plant and equipment	13,800	17,421
- right-of-use assets	48,233	32,369
Total deferred tax liabilities	62,033	49,790
Net deferred tax assets (liabilities)	39,612	63,400
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(23,788)	(53,019)
Movement in deferred tax charged to Statement of Changes in Equity	-	6,207

Notes to Financial Statements (continued)

Note 18 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	18,423	12,501
Other creditors and accruals	76,273	70,122
	<u>94,696</u>	<u>82,623</u>
b) Non-current liabilities		
Trade creditors	<u>-</u>	<u>15,258</u>

Note 19 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%.

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:

- 70 Main Road The lease agreement commenced in February 2017 for 5 years. 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 January 2027.
- 68 Main Road The lease agreement commenced in December 2016. A 1 year renewal option was exercised in February 2021. 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 January 2027.

a) Current lease liabilities	2021 \$	2020 \$
Property lease liabilities	40,831	29,573
Unexpired interest	(7,882)	(5,598)
	<u>32,949</u>	<u>23,975</u>
b) Non-current lease liabilities		
Property lease liabilities	187,142	121,109
Unexpired interest	(17,172)	(15,027)
	<u>169,970</u>	<u>106,082</u>

Notes to Financial Statements (continued)

Note 19 Lease liabilities (continued)

c) Reconciliation of lease liabilities	2021	2020
	\$	\$
Balance at the beginning	130,057	-
Initial recognition on AASB 16 transition	-	163,155
Remeasurement adjustments	106,141	4
Lease interest expense	7,706	7,099
Lease payments - total cash outflow	(40,985)	(40,201)
	<u>202,919</u>	<u>130,057</u>
d) Maturity analysis		
- Not later than 12 months	40,831	29,573
- Between 12 months and 5 years	163,324	86,765
- Greater than 5 years	23,818	34,344
Total undiscounted lease payments	<u>227,973</u>	<u>150,682</u>
Unexpired interest	(25,054)	(20,625)
Present value of lease liabilities	<u>202,919</u>	<u>130,057</u>

Note 20 Provisions

a) Non-current liabilities	2021	2020
	\$	\$
Make-good on leased premises	<u>19,673</u>	<u>21,208</u>

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 provision based on experience and consideration of the expected future costs to remove all fittings 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.

<u>Lease</u>	<u>Lease term expiry date per AASB 16</u>	<u>Estimated provision</u>
68 Main Road	January 2027	\$12,400
70 Main Road	January 2027	\$12,400

Note 21 Employee benefits

a) Current liabilities	2021	2020
	\$	\$
Provision for annual leave	27,348	32,067
Provision for long service leave	30,054	25,049
	<u>57,402</u>	<u>57,116</u>
b) Non-current liabilities		
Provision for long service leave	<u>15,181</u>	<u>10,985</u>
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.

Notes to Financial Statements (continued)

Note 22 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	851,010	851,010	851,010	851,010
Less: equity raising costs	-	(27,367)	-	(27,367)
	<u>851,010</u>	<u>823,643</u>	<u>851,010</u>	<u>823,643</u>

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*.

Notes to Financial Statements (continued)

Note 22 Issued capital (continued)

b) Rights attached to issued capital (continued)

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 195. As at the date of this report, the company had 205 shareholders (2020: 210 shareholders).

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

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

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

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

Note 23 Accumulated losses

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		(276,300)	(454,016)
Adjustment for transition to AASB 16		-	(16,362)
Net profit after tax from ordinary activities		124,850	245,139
Dividends provided for or paid	28a)	(68,081)	(51,061)
Balance at end of reporting period		<u>(219,531)</u>	<u>(276,300)</u>

Notes to Financial Statements (continued)

Note 24 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	124,850	245,139
Adjustments for:		
- Depreciation	50,847	52,421
- Amortisation	13,431	13,431
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	11,225	(4,918)
- (Increase)/decrease in deferred tax assets	23,789	53,020
- Increase/(decrease) in trade and other payables	10,685	6,070
- Increase/(decrease) in employee benefits	4,482	17,247
- Increase/(decrease) in provisions	894	990
Net cash flows provided by operating activities	<u>240,203</u>	<u>383,400</u>
	25,817	56,832

Note 25 Financial instruments

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

	Note	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	12	443,153	345,641
Trade and other receivables	13	81,192	95,942
		<u>524,345</u>	<u>441,583</u>
Financial liabilities			
Trade and other payables	18	94,696	97,881
Lease liabilities	19	202,919	130,057
		<u>297,615</u>	<u>97,881</u>

Note 26 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- Taxation advice and tax compliance services	600	600
- General advisory services	2,520	3,160
- Share registry services	4,631	3,787
Total auditor's remuneration	<u>12,751</u>	<u>12,347</u>

Notes to Financial Statements (continued)

Note 27 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Leonardus Josephus Cornelis Koelewyn

Raymond Leslie Yates

Jennifer Rae Nash

Sarah Melanie Tebbutt

Andrew James Raper

Kellie Ann Clay

Stephen Michael McDonald

Peter Herbert D'Abico

Danielle Maree Utting

b) Key management personnel compensation

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

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

c) Related party transactions

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

	2021	2020
	\$	\$
<i>Transactions with related parties</i>		
- Sarah Tebbutt receives remuneration for bookkeeping, business development, business administration and support services provided to the Board. The total benefit received was:	<u>28,800</u>	<u>24,250</u>

Note 28 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	<u>8.00</u>	<u>68,081</u>	<u>6.00</u>	<u>51,061</u>

Notes to Financial Statements (continued)

Note 29 Earnings per share

a) Basic and diluted earnings per share

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

	2021 \$	2020 \$
Profit attributable to ordinary shareholders	124,850	245,139
	Number	Number
Weighted-average number of ordinary shares	851,010	851,010
	Cents	Cents
Basic and diluted earnings per share	14.67	28.81

Note 30 Commitments

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

Note 31 Contingencies

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

Note 32 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

Monbulk & District Community Enterprises Limited Directors' Declaration

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

In the opinion of the directors:

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

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



Kellie Ann Clay, Director

Dated this 19th day of October 2021

Independent Auditors Report



61 Bull Street
Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of Monbulk & District Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Independent Auditors Report

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

Independent Auditors Report



61 Bull Street
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03 5443 0344

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.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 19 October 2021

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

Adrian Downing
Lead Auditor

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 **Bendigo Bank**