Annual Report 2020

Moorabool Community Enterprises Limited

Community Bank Ballan & District

ABN 46 148 907 591

Contents

Chairman's report

For year ending 30 June 2020

Once again on behalf of the Board of Moorabool Community Enterprises Limited (MCEL), I have great pleasure in presenting this year's Chairman's report. Hopefully, this will be my first and last Chairman's report under the Victorian COVID-19 restrictions that we are currently experiencing.

This is our ninth year of operating and we are proud of the contribution we make to what is one of Australia's most trusted brands whilst partnering with Australia's fifth largest bank. We have continued our strong and steady growth. Our Branch Manager, Luke Calder, whilst in his seventh year, continues to work closely with our partner, Bendigo and Adelaide Bank, on ways to improve the customer experience and has led his team in driving this growth through this difficult year. Luke has continued his great work with the communities of West Moorabool, and we are fortunate that we have a Branch Manager who understands our broad range of customers. This year Luke and his team have been recognised with the highest number of equipment finance deals in the country from a Bendigo Bank branch. This year our footings growth figure is more than $20 million. Fantastic job to Luke and your team.

Thank you to our shareholders. Our shareholders are now seeing consistent reward for your financial contribution and belief in our bank. I do believe that after eight years we are seeing the benefits in our local communities with the overall money we have put back into our towns. It is not just the community contributions, but the money spent on wages, local contractors, and shareholder returns. Remember if you are a shareholder but not a customer please consider transferring some or all your banking business across. Your support is critical to the community success of your branch. Our role as Directors is to advocate for the bank and if our 295 shareholders banked with us, advocated for us, or even referred just one customer to Community Bank Ballan & District – imagine the growth to our business and to your investment. And ultimately, the benefit to your community with a greater pool of funds to distribute to community groups, projects, and shareholders.

To our ongoing loyal customers who have believed in our Community Bank from the beginning, we would like to say a big thank you. You have helped us grow to be the successful Community Bank that we are today. The growth of our existing customer base will mean a further growth in your investment and our ability to increase our community investment program.

Once again, I would like to thank the valued members of our volunteer Board. Our role as Directors is to not only steer and govern our company but to be advocates for our Community Bank. We are available to talk to groups about the Community Bank model and the benefits of this unique banking model. We are fortunate that our Board members represent many of our local communities including; Dunnstown, Bungaree, Clarkes Hill, Springbank, Gordon, Ballan and Myrniong. Such diversity is a great asset for the overall strength of our bank. Thank you to those who act as committee Chairs. Your time and leadership when heading up these important cogs in our operation contributes to us being an effective bank Board. Finally, a big thankyou to our Board Support Officer, Joy Geoghegan.

Chairman's report (continued)

Every year we have continued to invest more into the community through sponsorships, grants, and donations. As you can see the financial growth of the MCEL banking business has gone from strength to strength. This year we have distributed over $280,000 to organisations throughout West Moorabool. We look forward to funding bigger and better projects within the community now that we are achieving sustained profits. As I have always stated, we support those organisations who support us. It is essential that the community groups that have received sponsorship continue to bring their members' banking business to our Community Bank.

I commend this 2019/20 Annual Report to you.

Darren Rix
Chairman

Manager's report

For year ending 30 June 2020

It is my pleasure to present the Manager's report for the 2019/20 financial year.

The COVID-19 pandemic has headlined most of the year and has been scathing on the economy as we adjust to a different kind of world. We at Community Bank Ballan & District have remained positive and open for business as we continue to be a part of one of Australia's most trusted brands. We maintain a local reputation of great relationship banking, community enabler and community provider.

Now more than ever has there been a greater emphasis on 'responsible lending' requirements for the banks assessment of a borrower's capacity to repay debt. This has, in turn, increased the level of policy and procedure that has caused a tightening in loan approval numbers and resulted in a subsequent effect on the property market. While the pandemic and heightened responsible lending principles did not greatly affect our traditionally diligent approval numbers, the detailed assessment process and thorough commentary requirements on each application have certainly increased approval times and internal workloads. The low interest rate environment has continued to flatline at a new record low creating unprecedented lending interest rates and giving borrowers greater borrowing capacity and an increased ability to repay their existing debt. Investors have been faced with the reduced retail deposit rates sub 1% p.a., and an uncertainty of exploring alternate investment options outside of the security of 'cash in the bank' to obtain a decent return.

I am pleased to advise that despite the factors described above, we exceeded our business growth target with $21.5 million footings growth ($4 million over budget) to now total $177.2 million in business footings, an overall increase of 13.8%. Our increase was a good spread in the various product suites across our deposit and lending range. We now boast 1,861 customers and opened a further 365 accounts. We now aim to reach footings of $200 million as we celebrate Community Bank Ballan & District's 10th year of trading next year.

Our local reputation as trusted relationship bankers and a community contributor has never been stronger in our opinion. This translates to a greater market share, with business growth and continued year-on-year profitably, enabling us to invest a new high of $281,960 back into our community with our total contributions now just under $675,000. In the current environment, funding has never been so vital to ensure our wonderful community remains viable and successful. We have also been working hard with our local businesses and customers with support packages to assist them through these trying times. We are available to talk to you should you wish to learn more about our assistance facilities. A highlight for the year was finishing number one in the country for Bendigo Bank for Equipment Finance sales something we are extremely proud of.

On a personal note, I am extremely proud of our staff. They are on the frontline working hard to provide financial solutions for our customers and help them to achieve their financial goals. The pandemic has caused much heartache and anxiety and I could not be prouder of how our staff have conducted themselves through this. They continue to go the extra mile to support our customers through the current harsh environment.

We welcomed local Moorabool resident Melanie Tudball to the team in March who filled the newly created Customer Relationships Manager Role to assist with the lending demand we have. Mel has hit the ground running and brought a wonderful new element to the group. This now takes the branch team to seven dedicated employees. This past year also saw us welcome its first branch baby with our Customer Relationship Officer Shannon Bailey and her husband Lochie welcoming their first child Charlie.

I would also like to express my thanks to our Board of Directors who volunteer their time, and our Board Support Officer Joy Geoghegan for their expertise and passion to our Community Bank. Your countless hours of commitment are very much appreciated, and our local communities are the beneficiaries of your dedication.

Most importantly I would like to thank the support of our loyal customers and shareholders who understand we are the better big bank and trust us with their banking needs. Without you we would not be able to provide the community funding we do. We look forward to many more years of shared success as we get through this pandemic together.

Luke Calder
Branch Manager

2019/20 Financial year highlights

↑ 13.8%

$177.2 million Total footings

$21.5 million Footings growth

1,861 Total customers

$281,960

Community contribution

↑ 28.5%

$1.340 million Revenue

$587,386

Profit before tax and contributions

$45,127

Shareholder distribution

December 2019: 6 cents fully franked per share

Community Bank Ballan & District staff

L-R: Melanie Tudball, Sharren Mullane, Shannen Lacey, Luke Calder, Rachel Kraljik, Drew Elliot.
Absent: Shannon Bailey (Parental leave).

Above: COVID-19 safe in the branch.

Community investment 2011 - 2020

Investments in Ballan & District since opening in November 2011 to June 2020

Shareholder distributions **$172,985**

\+

Community contributions **$673,945**

\+

Local suppliers & service providers **$588,530**

\+

Local employment and development **$2.857 million**

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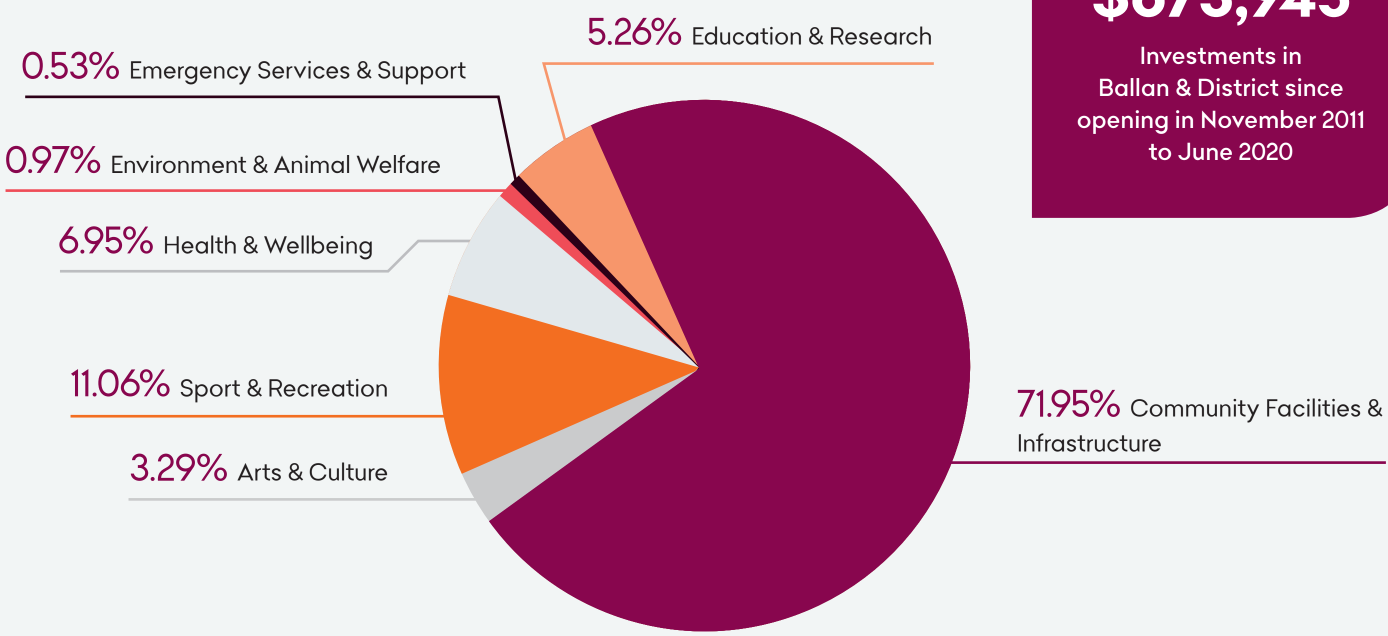
Total community investment **$4.293 million** 2011-2020

Community contributions 2019/20

Community Bank Ballan & District Community Investment Program

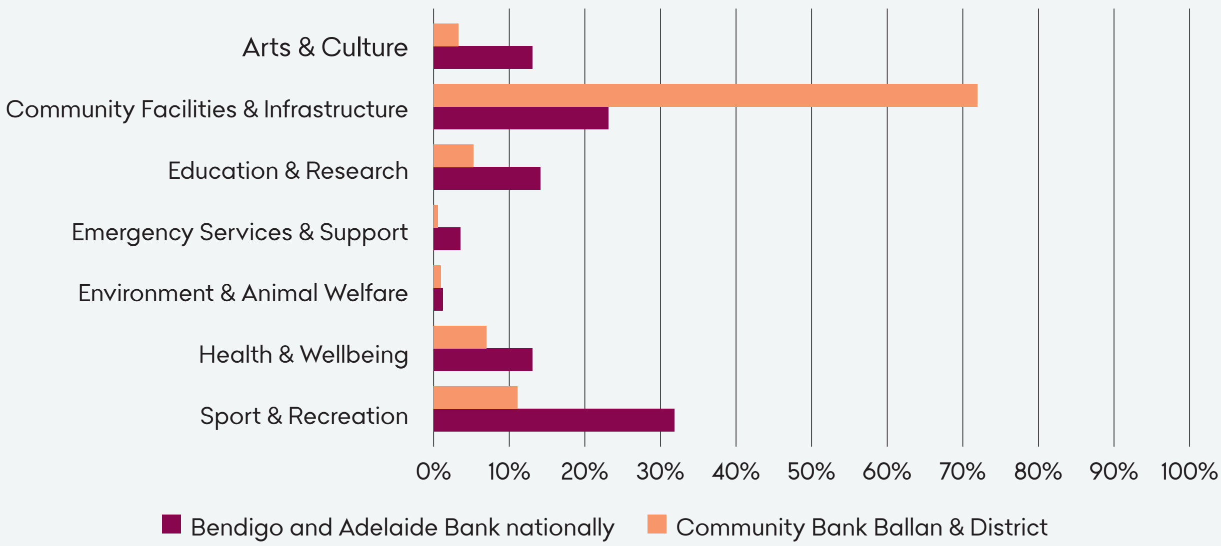


Community Investment Program

$673,945

Investments in Ballan & District since opening in November 2011 to June 2020

Bendigo and Adelaide Bank / Ballan & District comparison



Bendigo and Adelaide Bank report

For year ending 30 June 2020

In the 20-plus years since the opening of the very first Community Bank branch, it's fair to say we haven't seen a year quite like 2020.

After many years of drought, the 2019 calendar year ended with bushfires burning across several states. A number of our Community Bank companies were faced with an unprecedented natural disaster that impacted lives, homes, businesses and schools in local communities.

As fires took hold, Bendigo and Adelaide Bank's head office phones started to ring, emails came in from all over the world and our customers, and non-customers, headed into our branches to donate to an appeal that we were still in the process of setting up.

Our reputation as Australia's most trusted bank and the goodwill established by 321 Community Bank branches across the country meant that people instinctively knew that Bendigo, and our Community Bank partners, would be there to help. An appeal was established and donations were received in branch and online from 135,000 donors from all around the world. More than $45 million was donated.

Just as the fires had been extinguished and the Bank's foundation was working with government, not-for-profit organisations and impacted communities to distribute donations, the global COVID-19 pandemic arrived.

The impact of this pandemic was, and continues to be, more than about health. The impacts are far-reaching and banking is not immune. Your support as a shareholder, and a customer, of your local Community Bank company has never been so important.

You should be proud of your investment in your local Community Bank company. As the Australian workforce had to adjust its way of working, your Community Bank branch staff were classified as essential workers and turned up for work every day throughout the pandemic to serve your local customers.

Your Community Bank company, led by your local Directors, were committed to supporting local economies. Often it was the little things like purchasing coffees and meals from local cafes, not only for their branch staff but for other essential workers (teachers, nurses, hospital support staff, ambulance and police officers and aged care workers). This not only supported essential workers also supported many local businesses when they needed it the most.

What we've discovered in 2020 is that in times of crisis, Australia's Community Bank network has unofficially become Australia's 'second responder'. Local organisations and clubs look to their local Community Bank companies not only for financial assistance, but to take the lead in connecting groups and leading the community through a crisis.

So, what does this all mean? For Bendigo and Adelaide Bank, it reinforces the fact that you are a shareholder of a unique and caring company – run by locals to benefit not only your community but those in need.

As Australia's 5th largest bank with more than 1.9 million customers we are proud to partner with your community.

If 2020 has shown us anything, it's that we're stronger for the partnerships we have with the communities we operate in.

On behalf of Bendigo and Adelaide Bank, we thank all of our Community Bank company Directors and shareholders and your branch staff and customers for your continued support throughout the year.

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2020

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

Directors

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

Darren Patrick Rix

Non-executive director

Occupation: Business Owner/Operator

Qualifications, experience and expertise: Darren operates an AVIS car and truck rental franchise in Ballarat, Bendigo, Footscray and Western Victoria, Budget car and truck rental franchises in Ballarat and Bendigo. Darren has been in business for 27 years and the rental business for 23 years. He is on the Committee of the Bungaree Football Netball Club and is a Life Member. He is also a member of the Bungaree Recreation Reserve Committee of Management and the Vice Chairman and Director of the Association of Avis Franchises Ltd.

Special responsibilities: Chair, Asset & Capital Management Committee, Community Engagement & Investment Committee, Strategic Planning Committee

Interest in shares: 17,501 ordinary shares

Jennifer Maree Hudson

Non-executive director

Occupation: Finance Manager

Qualifications, experience and expertise: Jennifer holds a Diploma of Business and a Masters of Business Administration and has extensive experience in business management in small to medium enterprises. Jennifer is the Finance Manager for a manufacturing business in Ballarat and is a Past President of the Rotary Club of Wendouree Breakfast. She is also a member of the Australian Institute of Company Directors and a Fellow of the Institute of Managers and Leaders. Jennifer's particular areas of interest in an organisation are strategy and governance.

Special responsibilities: Company Secretary, Deputy Treasurer, Acting Chair Governance & Risk Committee, Deputy Strategic Planning Committee

Interest in shares: 2,001 ordinary shares

Robert John Eskdale

Non-executive director

Occupation: Consultant Engineer and Town Planner

Qualifications, experience and expertise: Robert is a Civil Engineer who has spent over 25 years in local Government including 13 years as Shire Engineer with the former Ballan Shire Council. For the last 25 years Robert has run his own local Engineering & Town Planning Consultancy. Robert is a Director and Vice President of the Ballan Hospital Baord and a memeber of the Ballan Jockey Club.

Special responsibilities: Chair of Asset & Capital Management Committee

Interest in shares: 16,000 ordinary shares

Directors (continued)

Dominic Gerard Hanrahan

Non-executive director

Occupation: Senior Forensic Analyst

Qualifications, experience and expertise: Born in Ballarat, Dominic has lived at Navigators for the past 18 years with his wife and four children. He grew up nearby on a potato farm at Dunnstown and attended St Patrick's College in Ballarat. Dominic graduated from the University of Ballarat with a degree in Applied Science (Computer Science/Laboratory Instrumentation) in 1990. Dominic has been in the Information Technology business for 28 years and works for IBM Australia as a Senior Forensic Analyst. He has NV2 clearance and has performed work for various corporations and government departments. Dominic is licensed as a Private Investigator and holds a Victorian Private Security Licence. Dominic was previously on the St Francis Xavier Primary School Board and prior to that the St Francis Xavier Primary School Parents and Friends Committee. He is a member of the Mt Warrenheip CFA.

Special responsibilities: Deputy Chair, Deputy Community Engagement & Investment Committee.

Interest in shares: 11,834 ordinary shares

Helen Margaret Mahar

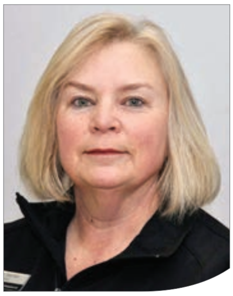
Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Helen is now retired after many years working in various administration roles. Helen has completed a Diploma in Human Resources and Certificate IV in Frontline Management. Helen has been actively involved with the Clarkes Hill Tennis Club, St Mary's Primary School and Loreto College. Helen is a member of the Mollongghip Fire Brigade, Life Member of the Springbank Football Netball Club (SFNC) and has been appointed caretaker of the Life Members of SFNC.

Special responsibilities: Deputy Company Secretary, Share Liaison Officer, Chair of Community Engagement & Investment Committee

Interest in shares: 1,000 ordinary shares



Helen Fay Tatchell

Non-executive director

Occupation: Publisher - Self Employed

Qualifications, experience and expertise: Owner and editor of local newspaper The Moorabool News, over 25 years living in the Ballan Community, heavy involvement as a volunteer with local community organisations including: Ballan Tennis Club, Pony Club, Adult Riding Club, Ballan Football Netball Club, Gordon Football Netball Club, St. Brigid's Primary School, Ballan Jockey Club, Ballan Autumn Festival and Ballan & District Chamber of Commerce.

Special responsibilities: Community Engagement & Investment Committee

Interest in shares: 1,000 ordinary shares

Directors (continued)

David Roger Lowery

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Roger holds a Certificate of Business Studies, majoring in accounting and is a Graduate of the Australian Institute of Company Directors. Roger has worked in the office equipment and finance industry for 31 years as CEO, CFO and COO primarily. He has owned and run both small and large businesses ranging from $1 million - $100 million turnover. Roger is an active member of the Gordon community and is involved in the Gordon CFA, Gordon Auskick and is also a member of the Ballan & District Chamber of Commerce. He has lived in Gordon for the past 21 years with his wife Sandra and is passionate about giving back to the community in which he lives.

Special responsibilities: Treasurer, Deputy Governance & Risk Committee

Interest in shares: nil share interest held

Barry Francis Sims

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Barry has lived in the area for more than 40 years and has always supported local businesses. Barry was a local builder, Christmas tree farmer and owner of various small businesses in the region. He has retired, handing the reigns to the 3rd generation of builders. Barry is a former Committee member of the Ballan Football Netball Club and Mt Egerton Tennis Club. He is actively involved with and is a Committee member of the Ballan Golf Club.

Special responsibilities: Asset & Capital Management Committee

Interest in shares: 35,000 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 Jennifer Hudson. Jennifer was appointed to the position of secretary on 21 January 2011.

Qualifications, experience and expertise: Jennifer has over 31 years experience in management, administration and finance across a broad range of industries. She holds a Diploma of Business and an MBA in Marketing.

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 2020 $	Year ended 30 June 2019 $
	236,090	181,372

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Darren Patrick Rix	17,501	-	17,501
Jennifer Maree Hudson	2,001	-	2,001
Robert John Eskdale	16,000	-	16,000
Dominic Gerard Hanrahan	11,834	-	11,834
Helen Margaret Mahar	1,000	-	1,000
Helen Fay Tatchell	1,000	-	1,000
David Roger Lowery	-	-	-
Barry Francis Sims	30,000	5,000	35,000

No debentures or rights have been granted or options over such instruments in previous financial years or during the current financial year.

Dividends

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

	Cents per share	Total amount
Final fully franked dividend	6	45,127
Total amount	**6**	**45,127**

New Accounting Standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases. See note 3 and 4 for further details.

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended							
			Community Engagement & Investment		Governance & Risk		Asset & Capital Management		Strategic Planning	
	E	A	E	A	E	A	E	A	E	A
Darren Patrick Rix	11	10	5	5	-	-	4	3	3	2
Jennifer Maree Hudson	11	9	-	-	4	4	-	-	3	3
Robert John Eskdale	11	9	-	-	-	-	4	4	-	-
Dominic Gerard Hanrahan	11	11	5	4	-	-	-	-	-	-
Helen Margaret Mahar	11	7	5	4	-	-	-	-	-	-
Helen Fay Tatchell	11	6	5	5	-	-	-	-	-	-
David Roger Lowery	11	10	-	-	4	4	-	-	-	-
Barry Francis Sims	11	11	-	-	-	-	4	4	-	-

E - eligible to attend
A - number attended

Proceedings on behalf of the company

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

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

Non audit services

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

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

- all non-audit services have been reviewed by the 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 15.

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

Darren Patrick Rix,
Chair

Dated this 29th day of July 2020

Auditor's independence declaration

Partners in success
Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Moorabool Community Enterprises Limited

As lead auditor for the audit of Moorabool Community Enterprises Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 29 July 2020

Joshua Griffin
Lead Auditor

Taxation | Audit | Business Services

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue from contracts with customers	8	1,263,532	1,016,977
Other revenue	9	71,853	21,250
Finance income	10	3,804	5,487
Employee benefit expenses	11e)	(521,613)	(406,167)
Charitable donations, sponsorship, advertising and promotion	11d)	(295,051)	(107,447)
Occupancy and associated costs		(21,585)	(58,250)
Systems costs		(37,636)	(36,483)
Depreciation and amortisation expense	11a)	(53,473)	(51,480)
Finance costs	11b)	(13,327)	(1,647)
General administration expenses		(90,696)	(121,903)
Profit before income tax expense		**305,808**	**260,337**
Income tax expense	12a)	(69,718)	(78,965)
Profit after income tax expense		**236,090**	**181,372**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**236,090**	**181,372**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	31a)	31.39	24.12

The accompanying notes form part of these financial statements.

Balance Sheet
as at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	571,852	383,543
Trade and other receivables	14a)	121,613	105,322
Total current assets		**693,465**	**488,865**
Non-current assets			
Property, plant and equipment	15a)	484,790	455,986
Right-of-use assets	16a)	164,391	-
Intangible assets	17a)	17,908	31,338
Deferred tax asset	18b)	8,584	928
Total non-current assets		**675,673**	**488,252**
Total assets		**1,369,138**	**977,117**
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	88,640	58,884
Current tax liabilities	18a)	29,356	35,427
Loans and borrowings	20a)	-	5,790
Lease liabilities	21b)	28,224	-
Employee benefits	23a)	52,773	25,707
Total current liabilities		**198,993**	**125,808**
Non-current liabilities			
Loans and borrowings	20b)	-	27,794
Lease liabiliites	21c)	172,486	-
Employee benefits	23b)	10,131	4,957
Provisions	22a)	14,835	-
Total non-current liabilities		**197,452**	**32,751**
Total liabilities		**396,445**	**158,559**
Net assets		**972,693**	**818,558**
EQUITY			
Issued capital	24a)	690,987	690,987
Retained earnings	25	281,706	127,571
Total equity		**972,693**	**818,558**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity for the year ended 30 June 2020

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2018		690,987	(16,195)	674,792
Total comprehensive income for the year		-	181,372	181,372
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30	-	(37,606)	(37,606)
Balance at 30 June 2019		**690,987**	**127,571**	**818,558**
Balance at 1 July 2019		690,987	127,571	818,558
Effect of AASB 16: Leases	3d)	-	(36,828)	(36,828)
Restated balance at 1 July 2019		690,987	90,743	781,730
Total comprehensive income for the year		-	236,090	236,090
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30	-	(45,127)	(45,127)
Balance at 30 June 2020		**690,987**	**281,706**	**972,693**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,439,054	1,115,293
Payments to suppliers and employees		(1,025,761)	(832,023)
Interest received		3,804	6,847
Interest paid		(2,320)	(1,647)
Lease payments (interest component)	11b)	(10,315)	-
Lease payments not included in the measurement of lease liabilities	11f)	(15,717)	-
Income taxes paid		(69,476)	(58,223)
Net cash provided by operating activities	**26**	**319,269**	**230,247**
Cash flows from investing activities			
Payments for property, plant and equipment		(52,429)	(325,023)
Proceeds from sale of property, plant and equipment		26,818	-
Net cash used in investing activities		**(25,611)**	**(325,023)**
Cash flows from financing activities			
Repayment of loans and borrowings		(33,584)	(5,538)
Lease payments (principal component)	21a)	(26,638)	-
Dividends paid	30	(45,127)	(37,606)
Net cash used in financing activities		**(105,349)**	**(43,144)**
Net cash increase/(decrease) in cash held		**188,309**	**(137,920)**
Cash and cash equivalents at the beginning of the financial year		383,543	521,463
Cash and cash equivalents at the end of the financial year	**13a)**	**571,852**	**383,543**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2020

Note 1 Reporting entity

This is the financial report for Moorabool 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**
Shop 1 & 2 135 Inglis Street Ballan VIC 3342	Shop 1 & 2 135 Inglis street Ballan VIC 3342

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

Note 2 Basis of preparation and statement of compliance

Basis of preparation and statement of compliance

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

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

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 29 July 2020.

Note 3 Changes in accounting policies, standards and interpretations

The company initially applied AASB 16 Leases from 1 July 2019. AASB Interpretation 23 Uncertainty over Income Tax Treatments is also effective from 1 July 2019 but is not expected to have a material impact on the company's financial statements. The company's existing policy for uncertain income tax treatments is consistent with the requirements in Interpretation 23.

The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

a) Definition of a lease

Previously, the company determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 Determining whether an Arrangement contains a Lease. The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4.

Note 3 Changes in accounting policies, standards and interpretations (continued)

a) Definition of a lease (continued)

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

b) As a lessee

As a lessee, the company leases many assets including property, motor vehicles, office equipment and IT equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases (i.e. these leases are on balance sheet).

The company recognises lease and non-lease components such as outgoings separately.

Leases classified as operating leases under AASB 117

Previously, the company classified property, office equipment, and IT equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. The practical expedients include:

- did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term on contracts that have options to extend or terminate.

c) As a lessor

The company is not a party in an arrangement where it is a lessor. The company is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor.

Note 3 Changes in accounting policies, standards and interpretations (continued)

d) Impact on financial statements

On transition to AASB 16, the company recognised additional right-of-use assets, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

Impact on equity presented as increase (decrease)	Note	1 July 2019 $
Asset		
Right-of-use assets - land and buildings	16b)	190,694
Deferred tax asset	18b)	13,969
Liability		
Lease liabilities	21a)	(227,348)
Provision for make-good	22b)	(14,143)
Equity		
Retained earnings		**(36,828)**

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 4.79%.

Lease liabilities reconciliation on transition	
Operating lease disclosure as at June 2019	84,326
Add: additional options now expected to be exercised	180,697
Add: variable market review / index based increase	7,590
Less: AASB 117 lease commitments reconciliation	(3,012)
Less: present value discounting	(42,253)
Lease liability as at 1 July 2019	**227,348**

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

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.

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

b) Other revenue

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
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

During the financial year, 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 businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is 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 when the cash flow of the company improves.

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.

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 (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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 reliable estimated.

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.

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

Note 4 Summary of significant accounting policies (continued)

d) Employee benefits (continued)

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 estimate 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.

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

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.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

The company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on the company either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Note 4 Summary of significant accounting policies (continued)

e) Taxes (continued)

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.
- when receivables and payables are stated with the amount of GST included.

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

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

g) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

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

Depreciation

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

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

Asset class	Method	Useful life
Land	Not depreciated	Indefinite
Leasehold improvements	Straight-line	6.6 to 40 years
Plant and equipment	Straight-line	1 to 40 years
Motor vehicles	Straight-line	5 years

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

Note 4 Summary of significant accounting policies (continued)

h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise. The company has also acquired an agency from Bendigo Bank.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives 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:

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

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

i) Financial instruments

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

Sub-note i) and j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition and initial measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Note 4 Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial assets - subsequent measurement and gains and losses

- Financial assets at amortised cost

  These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - classification, subsequent measurement and gains and losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Note 4 Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Derecognition (continued)

Financial liabilities (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

The company recognises a loss allowance for ECL on:

- financial assets that are measured at FVTOCI;
- lease receivables;
- loan commitments that are not measured at FVTPL; and
- financial guarantee contracts that are not measured at FVTPL.

Loss allowance is not recognised for:

- financial assets measured at FVTPL; or
- equity instruments measured at FVTOCI.

ECL's 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, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime ECL at all times.

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (ie diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The directors have assessed the ECL and noted it is not material.

Non-financial assets

At each reporting date, the company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

Note 4 Summary of significant accounting policies (continued)

k) Issued capital

Ordinary shares

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.

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The company is required to restore the leased premises to its/their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

m) Leases

The company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The details of accounting policies under AASB 117 and Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, 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. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

<u>As a lessee</u>

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

Note 4 Summary of significant accounting policies (continued)

m) Leases (continued)

Policy applicable from 1 July 2019 (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 the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the group is reasonably certain to exercise that option, and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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.

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 lease that, at commencement date, has a lease term of 12 months or less.

As a lessor

At inception or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the company is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the company applies AASB 16 to allocate the consideration in the contract.

The company applies the derecognition and impairment requirements in AASB 9 to the net investment in the lease (see Note 4(l)). The company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the company as a lessor in the comparative period were not different from AASB 16 except for the classification of the sub-lease entered into during the current reporting period that resulted in a finance lease classification.

Note 4 Summary of significant accounting policies (continued)

m) Leases (continued)

Policy applicable from 1 July 2019 (continued)

As a lessor (continued)

For contracts entered into before 1 July 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the company acted as a lessor, it determined at lease inception whether each lease was a finance or operating lease.

To classify each lease, the company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

n) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019, however the changes are not expected to have a significant impact on the company's financial statements.

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.

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:

Note	Judgement
- Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;
- Note 21 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	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 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- Note 8 - revenue recognition	estimate of expected returns;
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial risk management

The company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

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.

Note 6 Financial risk management (continued)

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 has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank.

b) Liquidity risk

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

The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2020 Non-derivative financial liability	Contractual cash flows Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	200,710	37,224	148,894	46,530
Trade payables	68,270	68,270	-	-
	268,980	**105,494**	**148,894**	**46,530**

30 June 2019 Non-derivative financial liability	Carrying amount	Contractual cash flows Not later than 12 months	Between 12 months and five years	Greater than five years
Chattel Mortgage	33,584	5,790	27,794	-
Trade payables	7,165	7,165	-	-
	40,749	**12,955**	**27,794**	**-**

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 primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

Note 6 Financial risk management (continued)

c) Market risk (continued)

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

The company held cash and cash equivalents of $571,852 at 30 June 2020 (2019: $383,543). The cash and cash equivalents are held with BEN, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2020 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

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

	2020 $	2019 $
Revenue from contracts with customers		
Revenue:		
- Revenue from contracts with customers	1,263,532	1,016,977
	1,263,532	**1,016,977**
Disaggregation of revenue from contracts with customers		
At a point in time:		
- Margin income	931,601	715,096
- Fee income	70,609	75,456
- Commission income	261,322	226,425
	1,263,532	**1,016,977**

There was no revenue from contracts with customers recognised over time during the financial year.

Note 9 Other revenue

The company generates other sources of revenue from discretionary contributions received from the franchisor.

	2020 $	2019 $
Other revenue		
Revenue:		
- Market development fund income	10,000	21,250
- Cash flow boost	54,086	-
- Sale of property, plant and equipment	7,767	-
	71,853	**21,250**

Note 10 Finance income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020 $	2019 $
Finance income		
At amortised cost:		
- Term deposits	3,804	5,487
	3,804	**5,487**

Note 11 Expenses

a) Depreciation and amortisation expense

	2020 $	2019 $
Depreciation of non-current assets:		
- Leasehold improvements	4,853	4,791
- Plant and equipment	1,195	943
- Motor vehicles	7,692	7,591
	13,740	**13,325**
Depreciation of right-of-use assets		
- Leased land and buildings	26,303	-
	26,303	**-**
Amortisation of intangible assets:		
- Franchise fee	2,238	2,238
- Franchise renewal process fee	11,192	11,192
- Domiciled agency or branch business	-	24,725
	13,430	**38,155**
Total depreciation and amortisation expense	**53,473**	**51,480**

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4G and 4H).

Note 11 Expenses (continued)

b) Finance costs

	Note	2020 $	2019 $
Finance costs:			
- Bank loan interest paid or accrued		2,320	1,647
- Lease interest expense	21a)	10,315	-
- Unwinding of make-good provision		692	-
		13,327	**1,647**

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

c) Impairment loss on trade receivables and contract assets

The franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. Due to the reliance on Bendigo Bank the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo Bank receivable as at 30 June 2020.

d) Charitable donations, sponsorship, advertising and promotion

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	2020 $	2019 $
- Direct sponsorship, advertising, and promotion payments	241,051	105,447
- Contribution to the Community Enterprise Foundation™	54,000	2,000
	295,051	**107,447**

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

e) Employee benefit expenses

	2020 $	2019 $
Wages and salaries	441,444	349,839
Non-cash benefits	-	1,204
Contributions to defined contribution plans	39,569	32,557
Expenses related to long service leave	7,315	(5,438)
Other expenses	33,285	28,005
	521,613	**406,167**

Note 11 Expenses (continued)

f) Recognition exemption

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2020 $	2019 $
Expenses relating to low-value leases	15,717	-
	15,717	**-**

Expenses relating to leases exempt from recognition are included in general administration expenses.

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition.

g) Other expenses

- Sale of property, plant and equipment	**1,534**	**-**

Note 12 Income tax expense

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

a) Amounts recognised in profit or loss

	2020 $	2019 $
Current tax expense/(credit)		
- Current tax	63,405	72,523
- Movement in deferred tax	(8,151)	6,442
- Adjustment to deferred tax on AASB 16 retrospective application	13,969	-
- Reduction in company tax rate	495	-
	69,718	**78,965**

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a gain of $495 related to the remeasurement of deferred tax assets and liabilities of the company.

b) Prima facie income tax reconciliation

Operating profit before taxation	305,808	260,337
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	84,097	71,593
Tax effect of:		
- Non-deductible expenses	-	7,372
- Temporary differences	(5,819)	(6,442)
- Other assessable income	(14,873)	-
- Movement in deferred tax	(8,151)	6,442
- Reduction in company tax rate	495	-
- Leases initial recognition	13,969	-
	69,718	**78,965**

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2020 $	2019 $
- Cash at bank and on hand	164,697	179,809
- Term deposits	407,155	203,734
	571,852	**383,543**

Note 14 Trade and other receivables

a) Current assets

	2020 $	2019 $
Trade receivables	115,687	99,874
Prepayments	5,926	5,448
	121,613	**105,322**

Note 15 Property, plant and equipment

a) Carrying amounts

	2020 $	2019 $
Land		
At cost	323,398	323,398
	323,398	**323,398**
Leasehold improvements		
At cost	181,185	168,500
Less: accumulated depreciation and impairment	(76,517)	(71,664)
	104,668	**96,836**
Plant and equipment		
At cost	32,325	35,803
Less: accumulated depreciation and impairment	(23,571)	(26,424)
	8,754	**9,379**
Motor vehicles		
At cost	48,340	37,957
Less: accumulated depreciation and impairment	(370)	(11,584)
	47,970	**26,373**
Total written down amount	**484,790**	**455,986**

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

Note 15 Property, plant and equipment (continued)

b) Reconciliation of carrying amounts

	2020 $	2019 $
Land		
Carrying amount at beginning	323,398	-
Additions	-	323,398
Carrying amount at end	**323,398**	**323,398**
Leasehold improvements		
Carrying amount at beginning	96,836	101,627
Additions	12,685	-
Depreciation	(4,853)	(4,791)
Carrying amount at end	**104,668**	**96,836**
Plant and equipment		
Carrying amount at beginning	9,379	8,697
Additions	2,104	1,625
Disposals	(1,534)	-
Depreciation	(1,195)	(943)
Carrying amount at end	**8,754**	**9,379**
Motor vehicles		
Carrying amount at beginning	26,373	33,964
Additions	48,340	-
Disposals	(19,051)	-
Depreciation	(7,692)	(7,591)
Carrying amount at end	**47,970**	**26,373**
Total written down amount	**484,790**	**455,986**

c) Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

Note 16 Right-of-use assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company has elected to present right-of-use assets measured in right-of-use assets rather than the underlying asset class. Accordingly, leased assets recognised in the statement of financial position have been reallocated to right-of-use assets from property, plant and equipment.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

Note 16 Right-of-use assets (continued)

a) Carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
At cost		394,538	-
Less: accumulated depreciation and impairment		(230,147)	-
		164,391	**-**

b) Reconciliation of carrying amounts

	Note	2020 $	2019 $
Leased land and buildings			
Carrying amount at beginning		-	-
Initial recognition on transition	3d)	394,538	-
Accumulated depreciation on adoption	3d)	(203,844)	-
Depreciation		(26,303)	-
Carrying amount at end		**164,391**	**-**
Total written down amount		**164,391**	**-**

Note 17 Intangible assets

a) Carrying amounts

	2020 $	2019 $
Franchise fee		
At cost	21,192	21,192
Less: accumulated amortisation and impairment	(18,207)	(15,969)
	2,985	**5,223**
Franchise establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation and impairment	(100,000)	(100,000)
	-	**-**
Franchise renewal process fee		
At cost	55,961	55,961
Less: accumulated amortisation and impairment	(41,038)	(29,846)
	14,923	**26,115**
Other intangible assets		
At cost	24,725	24,725
Less: accumulated amortisation and impairment	(24,725)	(24,725)
	-	**-**
Total written down amount	**17,908**	**31,338**

Note 17 Intangible assets (continued)

b) Reconciliation of carrying amounts

	2020 $	2019 $
Franchise fee		
Carrying amount at beginning	5,223	7,461
Amortisation	(2,238)	(2,238)
Carrying amount at end	**2,985**	**5,223**
Franchise renewal process fee		
Carrying amount at beginning	26,115	37,307
Amortisation	(11,192)	(11,192)
Carrying amount at end	**14,923**	**26,115**
Total written down amount	**17,908**	**31,338**

c) Changes in estimates

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

There were no changes in estimates for the current reporting period.

Note 18 Tax assets and liabilities

a) Current tax

	2020 $	2019 $
Income tax payable	**29,356**	**35,427**

b) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019 $	Recognised in profit or loss $	Recognised in other comprehensive income $	Recognised in equity $	30 June 2020 $
Deferred tax assets					
- expense accruals	1,242	(1,242)	-	-	-
- employee provisions	8,432	7,923	-	-	16,355
- make-good provision	-	(32)	-	3,889	3,857
- lease liability	-	(10,336)	-	62,521	52,185
Total deferred tax assets	**9,674**	**(3,687)**	**-**	**66,410**	**72,397**

Note 18 Tax assets and liabilities (continued)

b) Deferred tax (continued)

	30 June 2019 $	Recognised in profit or loss $	Recognised in other comprehensive income $	Recognised in equity $	30 June 2020 $
Deferred tax liabilities					
- property, plant and equipment	8,746	12,325	-	-	21,071
- right-of-use assets	-	(9,699)	-	52,441	42,742
Total deferred tax liabilities	**8,746**	**2,626**	**-**	**52,441**	**63,813**
Net deferred tax assets (liabilities)	**928**	**(6,313)**	**-**	**13,969**	**8,584**

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2018 $	Recognised in profit or loss $	Recognised in other comprehensive income $	Recognised in equity $	30 June 2019 $
Deferred tax assets					
- expense accruals	1,155	87	-	-	1,242
- employee provisions	14,534	(6,102)	-	-	8,432
Total deferred tax assets	15,689	(6,015)	-	-	9,674
Deferred tax liabilities					
- income accruals	374	(374)	-	-	-
- property, plant and equipment	7,945	801	-	-	8,746
Total deferred tax liabilities	**8,319**	**427**	**-**	**-**	**8,746**
Net deferred tax assets (liabilities)	**7,370**	**(6,442)**	**-**	**-**	**928**

c) Uncertainty over income tax treatments

As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 19 Trade creditors and other payables

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

	2020 $	2019 $
a) Current liabilities		
Trade creditors	68,270	7,165
Other creditors and accruals	20,370	51,719
	88,640	**58,884**

Note 20 Loans and borrowings

a) Current liabilities		
Chattel mortgage	-	5,790
	-	**5,790**
b) Non-current liabilities		
Chattel mortgage	-	27,794
	-	**27,794**

c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2020		30 June 2019	
			Face value	Carrying value	Face value	Carrying value
Chattel mortgage	4.5%	2020	-	-	33,584	33,584

During the year the Mitsubishi Triton was sold by the company with the funds received being used to discharge the chattel mortgage.

Note 21 Lease liabilities

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

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

Lease portfolio

Prior to 30 June 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The company's lease portfolio includes:

- Ballan

  The lease agreement is a non-cancellable lease with an initial term of five years which commenced in October 2011. An extension option term of five years was exercised in October 2016. The lease has one further five year extension option available.

Note 21 Lease liabilities (continued)

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

a) Lease liability measurement

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.

	Note	2020 $	2019 $
Lease liabilities on transition			
Balance at the beginning (finance lease liabilities)		-	-
Initial recognition on AASB 16 transition	3d)	227,348	-
Lease payments - interest		10,315	-
Lease payments		(36,953)	-
		200,710	**-**
b) Current lease liabilities			
Property lease liabilities		37,224	-
Unexpired interest		(9,000)	-
		28,224	**-**
c) Non-current lease liabilities			
Property lease liabilities		195,424	-
Unexpired interest		(22,938)	-
		172,486	**-**
d) Maturity analysis			
- Not later than 12 months		37,224	-
- Between 12 months and 5 years		148,894	-
- Greater than 5 years		46,530	-
Total undiscounted lease payments		**232,648**	**-**
Unexpired interest		(31,938)	-
Present value of lease liabilities		**200,710**	**-**

e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is a decrease in profit after tax of $259.

Note 21 Lease liabilities (continued)

e) Impact on the current reporting period (continued)

	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
Profit or loss - increase / (decrease) in expenses			
- Occupancy and associated costs	36,953	(36,953)	-
- Depreciation and amortisation expense	-	26,303	26,303
- Finance costs	-	11,007	11,007
Increase in expenses - before tax	**36,953**	**357**	**37,310**
- Income tax expense / (credit) - current	(10,162)	10,162	-
- Income tax expense / (credit) - deferred	-	(10,260)	(10,260)
Increase in expenses - after tax	**26,791**	**259**	**27,050**

Note 22 Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

a) Non-current liabilities

	2020 $	2019 $
Make-good on leased premises	14,835	-
	14,835	**-**

b) Make-good provision

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 and the ATM as well as cost to remedy any damages caused during the removal process.

	Note	2020 $	2019 $
Provision			
Balance at the beginning		-	-
Face-value of make-good costs recognised	3d)	20,000	-
Present value discounting	3d)	(5,857)	-
Present value unwinding		692	-
		14,835	**-**

c) Changes in estimates

During the financial year, the company re-assessed the lease agreement with respect to the make-good and restoration clauses. The estimated costs were revised with respect to an analysis of restoration costs of bank branches completed by Bendigo Bank's property team. The provision was previously assessed as nil or immaterial with no provision recognised in the accounts.

Note 22 Provisions (continued)

c) Changes in estimates (continued)

The lease is due to expire on 6 October 2026 at which time it is expected the face-value costs to restore the premises will fall due.

The financial effect of the reassessment, assuming no changes in the above judgements and estimates, on actual and expected finance costs and provisions was as follows:

	2020	2021	2022	2023	2024+
Profit or loss					
Expense:					
- Finance costs	692	726	762	799	2,878
Statement of financial position					
Liability:					
- Make-good provision	14,835	15,561	16,323	17,122	20,000

Note 23 Employee benefits

	2020 $	2019 $
a) Current liabilities		
Provision for annual leave	33,905	8,980
Provision for long service leave	18,868	16,727
	52,773	**25,707**
b) Non-current liabilities		
Provision for long service leave	10,131	4,957
	10,131	**4,957**

c) Key judgement and assumptions

Employee attrition rates

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.

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

Note 24 Issued capital

a) Issued capital

	2020		2019	
	Number	$	Number	$
Ordinary shares - fully paid	752,110	752,110	752,110	752,110
Less: return of capital	-	(37,606)	-	(37,606)
Less: equity raising costs	-	(23,517)	-	(23,517)
	752,110	**690,987**	**752,110**	**690,987**

Note 24 Issued capital (continued)

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- 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 277. As at the date of this report, the company had 292 shareholders (2019: 295 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.

Note 24 Issued capital (continued)

b) Rights attached to issued capital (continued)

Ordinary shares (continued)

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

Note 25 Retained earnings

	Note	2020 $	2019 $
Balance at beginning of reporting period		127,571	(16,195)
Adjustment for transition to AASB 16	3d)	(36,828)	-
Net profit after tax from ordinary activities		236,090	181,372
Dividends provided for or paid	30a)	(45,127)	(37,606)
Balance at end of reporting period		**281,706**	**127,571**

Note 26 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Net profit after tax from ordinary activities	236,090	181,372
Adjustments for:		
- Depreciation	40,043	13,325
- Amortisation	13,430	38,155
- Profit on disposal of non-current assets	(6,233)	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(16,291)	(20,483)
- (Increase)/decrease in other assets	6,313	6,442
- Increase/(decrease) in trade and other payables	19,056	13,073
- Increase/(decrease) in employee benefits	32,240	(15,937)
- Increase/(decrease) in provisions	692	-
- Increase/(decrease) in tax liabilities	(6,071)	14,300
Net cash flows provided by operating activities	**319,269**	**230,247**

Note 27 Financial instruments

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

	Note	2020 $	2019 $
Financial assets			
Trade and other receivables	14	115,687	99,874
Cash and cash equivalents	13	164,697	179,809
Term deposits	13	407,155	203,734
		687,539	**483,417**

Note 27 Financial instruments (continued)

	Note	2020 $	2019 $
Financial liabilities			
Trade and other payables	19	68,270	7,165
Chattel Mortgage	20	-	33,584
Lease liabilities	21	200,710	-
		268,980	**40,749**

Note 28 Auditor's remuneration

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

	2020 $	2019 $
Audit and review services		
- Audit and review of financial statements	4,800	4,600
	4,800	**4,600**
Non audit services		
- Taxation advice and tax compliance services	1,300	1,295
- General advisory services	2,780	2,402
- Share registry services	3,681	4,348
	7,761	**8,045**
Total auditor's remuneration	**12,561**	**12,645**

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Darren Patrick Rix
Jennifer Maree Hudson
Robert John Eskdale
Dominic Gerard Hanrahan
Helen Margaret Mahar
Helen Fay Tatchell
David Roger Lowery
Barry Francis Sims

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.

Note 29 Related parties (continued)

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.

	2020 $	2019 $
Transactions with related parties		
- Helen Fay Tatchell was paid for advertising services	3,784	3,145
- Darren Patrick Rix supplied hire car services	184	255
Total transactions with related parties	**3,968**	**3,400**

Community Bank Directors' Privileges Package

The board has adopted the Community bank Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the Community bank. There is no requirement to own Bendigo Bank shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo Bank shareholders. The total benefits received by the directors from the Directors' Privilege Package are $1,216 for the year ended 30 June 2020 (2019: $1,331).

Note 30 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2020		30 June 2019	
	Cents	$	Cents	$
Fully franked dividend	6.00	45,127	5.00	37,606
Total dividends provided for and paid during the financial year	6.00	45,127	5.00	37,606

b) Franking account balance

	2020 $	2019 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	72,023	28,065
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	92,538	58,222
- Franking debits from the payment of franked distributions	(17,117)	(14,264)
Franking account balance at the end of the financial year	**147,444**	**72,023**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	29,356	35,427
Franking credits available for future reporting periods	**176,800**	**107,450**

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

Note 31 Earnings per share

a) Based 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.

	2020 $	2019 $
Profit attributable to ordinary shareholders	236,090	181,372

	Number	Number
Weighted-average number of ordinary shares	752,110	752,110

	Cents	Cents
Basic and diluted earnings per share	31.39	24.12

Note 32 Commitments

a) Lease commitments

Following the adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can be found in 'Lease liabilities' (Note 21).

	2020 $	2019 $
Operating lease commitments - lessee		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	-	36,140
- between 12 months and 5 years	-	48,186
Minimum lease payments payable	**-**	**84,326**
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	-	7,185
- between 12 months and 5 years	-	30,085
Minimum lease payments	**-**	**37,270**
Less future finance charges	-	(3,686)
Present value of minimum lease payments	**-**	**33,584**

b) Other commitments

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

Note 33 Contingencies

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

Note 34 Subsequent events

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

Directors’ declaration

In accordance with a resolution of the directors of Moorabool 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 2020 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.

Darren Patrick Rix,
Chair

Dated this 29th day of July 2020

Independent audit report

Partners in success

Chartered Accountants

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Independent auditor’s report to the members of Moorabool Community Enterprises Limited

Report on the audit of the financial report

Our opinion
In our opinion, the accompanying financial report of Moorabool 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 2020 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards.

What we have audited
Moorabool Community Enterprises Limited’s (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of financial position
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

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.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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 *APE*S 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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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.

Directors' responsibility 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 responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/home.aspx. This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 29 July 2020

Joshua Griffin
Lead Auditor

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/ballanbbl

Bendigo Bank