



# 2021 Annual Report



## Moorabool Community Enterprises Limited

ABN 46 148 907 591

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# Chair's report

For year ending 30 June 2021



In our 10th year of operation on behalf of the Board of Moorabool Community Enterprises Limited (MCEL), I have great pleasure in presenting this year's Chair's report.

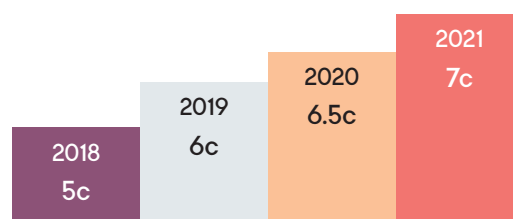
The last 18 months have been a difficult time for Australia and many in our community with the COVID-19 restrictions. We have been fortunate that our business is banking and not hospitality or any of the other businesses where the doors have closed. I was hopeful that 2020 would be the end of lockdowns for Victorians but this was not to be. Thankfully our business and our customers have shown how resilient they are in these difficult times. We were lucky enough between lockdowns to hold two great nights at

the Bungaree Community Centre earlier this year with our second Community Forum and our Community Investment recipient night. A big thankyou to our stakeholders who supported these events.

The last financial year has seen us achieve a number of milestones;

- We have reached our target of \$200 million in footings. This is the amount of your investments and loans with and through us since opening
- We have given back \$1.09 million through the Community Investment Program to community groups in the West Moorabool area
- Our Share dividend has increased over the last four years
- Including shareholder dividends, our supporting local suppliers and our local employment, have contributed a total community investment of \$5.382 million since our opening in November 2011
- While banking is our business, community is our purpose.

Shareholder Dividends



We have continued our strong and steady growth resulting in a record profit. Our Branch Manager, Luke Calder who in his eighth year, continues to work closely with our partner, Bendigo and Adelaide Bank Group, on ways to improve the customer experience. Luke has led his team in driving this growth, continuing his great work with the communities of West Moorabool. We are fortunate that we have a Branch Manager who understands our broad range of customers. This year our footings growth figure is once again more than \$20 million and we have just reached a milestone with our branch hitting a total of \$200 million footings since opening.

To our new and existing customers we would like to say a big thank you. You have helped us grow to be the successful Community Bank we are today. The growth within our existing customer base will mean further growth in your investment. This in turn enables us to increase our Community Investment Program.

Thank you to our shareholders, who are now seeing a consistent reward for your financial contribution and belief in our bank. We are seeing the benefits in our local communities with investment since November 2011 being \$1.09 million back into our towns through the Community Investment Program. It is not just the community contributions as we can also add money spent on wages, local contractors and our shareholder returns. If you are a shareholder but not a customer, please consider transferring some or all your banking business across.

## Chair's report (continued)

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Once again, I would like to thank the valued members of our volunteer Board. We welcome Kellee Frazer to the Board during this financial year. 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 benefits of this unique Community Bank model. We are fortunate that our Board along with our committee members represent many of our local communities including; Dunnstown, Bungaree, Clarkes Hill, Springbank, Gordon, Ballan and Myrmiong. Such diversity is a great asset for the overall strength of our Community Bank. Thank you to those who act as committee Chairs. Your time and leadership when heading up these important cogs in our operation contributes greatly to us being an effective Bank Board. Finally, a big thankyou to our Board Support Officer, Joy Price.

Every year we have continued to invest more into the community through sponsorships, grants, and donations. The financial growth of the MCEL banking business has gone from strength to strength. This year we have distributed over \$415,000 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 2020/21 Annual Report to you.



**Darren Rix**  
**Chair**



# Manager's report

For year ending 30 June 2021



In my eighth year at the helm it gives me great pleasure to present the Branch Manager's annual report for Community Bank Ballan & District. In what has been an extremely challenging 12 months Community Bank Ballan & District has yet again managed to exceed expectations and projected targets, showing unprecedented growth in both Lending and Deposits for the 2020/21 financial year. This growth has helped us exceed our budgeted profit and I am very pleased to say that this year we surpassed the exciting milestone of handing out \$1 million in community contributions since our inception in 2011. We achieved 137.47% of target for deposits which transpired to be \$8.248 million on a budget of \$6 million. Our Lending Growth also well exceeded

its budgeted total by almost \$4 million, \$12.840 million on a budget of 8.9 million or 144.27% of target achieved. With other business growth of \$439,110 our total growth figure for the year came to an amazing total of \$21.527 million on a budget of \$15.950 million or 134.97% of the overall target. The branch for the second year in a row finished number one nationally for Equipment Finance sales. While faced with the ramifications of the COVID-19 pandemic, this is a truly amazing result. The team has rallied to continually promote the brand and support our customers throughout some of the toughest times of their lives.

Sadly, this year we said goodbye to one of our CRM's Melanie Tudball who was successful in obtaining the Daylesford Branch Manager position, we are very proud of what Melanie has achieved and we thank her for her time at Community Bank Ballan & District. This in turn created an opportunity and we have since welcomed Amanda Embley to our family who comes to us from the Bacchus Marsh branch to fill Melanie's vacated role. Amanda's vibrant can-do attitude has guaranteed a seamless transition into the team, and she is already a favourite among the customers. After a 12-month stint of maternity leave we also welcomed back Shannon Bailey who returned to a part-time Customer Relationship Officer role. It is wonderful to once again have a fully staffed branch.

To say I am proud of the dedication of the team throughout these testing times is an understatement. Their commitment to the branch has been admirable. We have experienced many days of understaffing, growing workloads, and an increasing customer base. The uncertainty within the world and enforced restrictions limiting interactions has caused an understandable pressure to the staff's working environment. However, from adversity comes strength and a strong sense of community. I have been extremely proud and humbled to receive many commendations and messages of gratitude from our customers throughout this year for the staff's excellence in customer service and the care and support shown to our customers and our community.

I would also like to express my thanks to our Board of Directors who volunteer their time, and our Board Support Officer Joy Price 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.

A handwritten signature in black ink, appearing to read 'Luke Calder'. The signature is fluid and cursive, with a long horizontal stroke at the end.

**Luke Calder**  
Branch Manager

# Bendigo and Adelaide Bank report

For year ending 30 June 2021

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

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

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


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

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

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

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

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



**Collin Brady**  
Head of Community Development

# 2020/21 Financial year highlights



↑ 11.98%

\$198.39 million  
Total footings



2,037 Total customers



↑ 47.2%

\$415,074  
Community contribution



\$1.351 million Revenue



\$636,702  
Profit before tax and  
contributions



\$48,887  
Shareholder distribution  
December 2020: 6.5 cents fully franked  
per share

APPLY NOW

## Need help with uni or TAFE costs?

Ballan & District  
2022 Scholarship Program

bendigobank.com.au/scholarships

Community Bank Scholarships will be funded from management accounts of the Community Enterprise Charitable Fund ABN 12 152 848 848 (the Fund). The Bendigo Community Enterprise Charitable Fund (the Fund) is a not-for-profit company limited by guarantee. The Fund is a subsidiary of Bendigo and Adelaide Bank Limited ABN 17 100 100 170. All funds raised will be used for the benefit of the Fund. © 2021



Applications are now open. Closes 18 February 2022.

## Community investment 2011 - 2021

Investments in Ballan & District since opening in November 2011 to June 2021





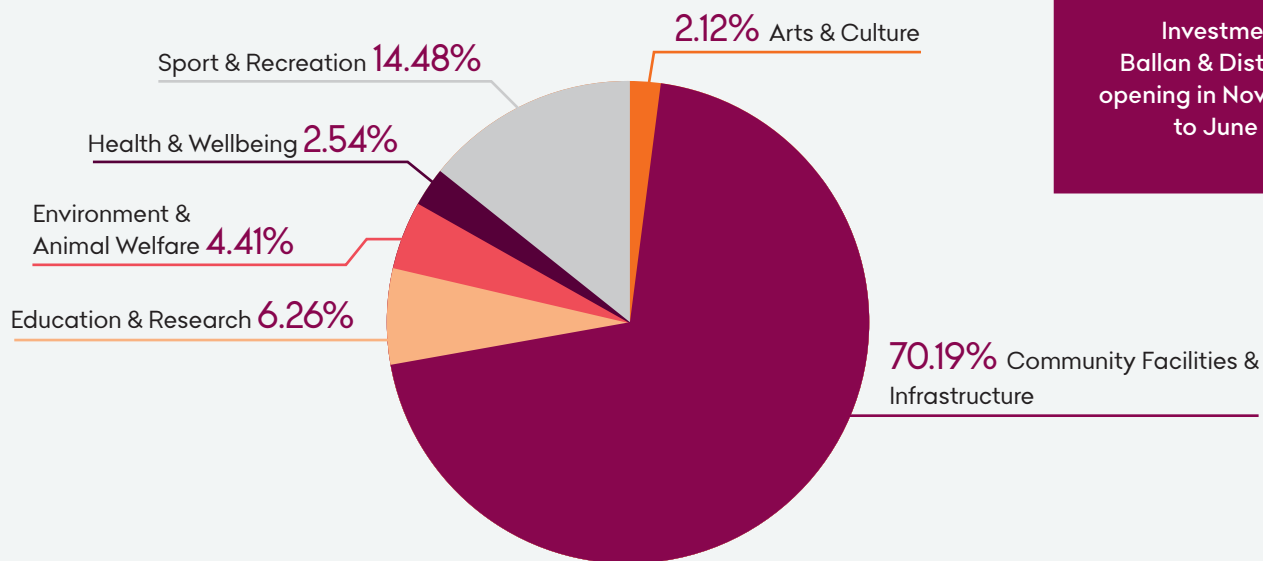
# Community contributions 2020/21

Community Bank Ballan & District Community Investment Program

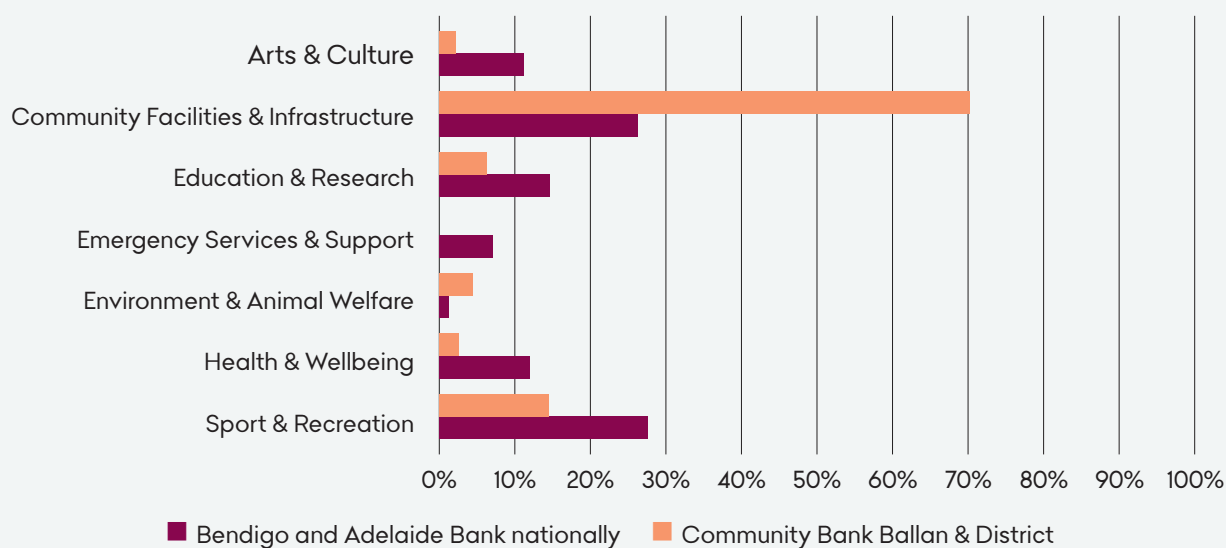
Community  
Investment  
Program

**\$1.09 million**

Investments in  
Ballan & District since  
opening in November 2011  
to June 2021



## Bendigo and Adelaide Bank / Ballan & District comparison





# Directors' report

For the financial year ended 30 June 2021

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

## Directors

The Directors of the company who held office during the financial year and to the date of this report 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 28 years and the rental business for 24 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. He is on the local Economic Advisory Committee for the Economic Development & Activation Department of the Moorabool Shire and is the Vice Chair 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 27 years in local Government including 13 years as Shire Engineer with the former Ballan Shire Council. For the last 26 years Robert has run his own local Engineering & Town Planning Consultancy; and is currently transitioning to retirement. Robert is a Director and Vice President of the Ballan Hospital Board and a member of the Ballan Jockey Club.

**Special responsibilities:** Chair of Asset & Capital Management Committee

**Interest in shares:** 16,000 ordinary shares

## Directors' report (continued)

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### Directors (continued)



#### Dominic Gerard Hanrahan

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Non-executive Director

**Occupation:** Linux Systems Administrator

**Qualifications, experience and expertise:** Born in Ballarat, Dominic has lived at Navigators for the past 18 years with his wife and 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 30 years and works for The Ballarat Base Hospital as a Linux Systems Administrator. He is primarily responsible for administering and maintaining the hospital's patient administration system and associated database servers, as well as general operation of other Unix/Linux servers.

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

**Interest in shares:** 11,834 ordinary shares



#### Helen Margaret Mahar

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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 is a member of the Mollonghip 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

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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



#### David Roger Lowery

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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 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

## Directors' report (continued)

### Directors (continued)



#### Barry Francis Sims

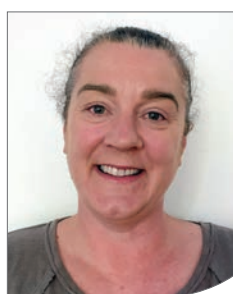
Non-executive Director

**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



#### Kellee Ann Frazer

Non-executive Director (appointed 16 July 2020)

**Occupation:** Self employed

**Qualifications, experience and expertise:** Kellee was born and raised in Ballarat and now lives in Gordon with her husband, Adam and three children. Adam and Kellee own and operate two small businesses, one of these is based in Melbourne and the other in Bacchus Marsh. Kellee currently studies part time to obtain a Bachelor of Accounting. She has actively been a part of the Gordon community for the past 20 years, including committee of management positions for Gordon Playgroup, Wallace & District kindergarten, School Advisory Council and Parents and Friends St Patrick Primary Gordon. She has also been the Secretary, among many other positions at the Gordon Football & Netball Club Inc. for the past 9 years. She now looks forward to this opportunity to assist the Ballan & District Community Bank.

**Special responsibilities:** Member of Community Engagement & Investment Committee and member of Governance and Risk Committee

**Interest in shares:** 3,000 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.

### Principal activity

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

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

### Operating results

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

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
171,453	236,090



## Directors' report (continued)

### 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	35,000	-	35,000
Kellee Ann Frazer	-	3,000	3,000

### 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	6.5	48,887

### Significant changes in the state of affairs

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

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

### 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' report (continued)

### 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 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

### Indemnification and insurance of Directors and Officers

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

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

### Directors' meetings

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

E - eligible to attend A - number attended

	Board Meetings Attended		Committee Meetings Attended							
	E	A	Community Engagement & Investment		Governance & Risk		Asset & Capital Management		Strategic Planning	
	E	A	E	A	E	A	E	A	E	A
Darren Patrick Rix	11	11	5	5	-	-	2	2	3	3
Jennifer Maree Hudson	11	9			3	3	-	-	3	3
Robert John Eskdale	11	9	-	-	-	-	2	2	-	-
Dominic Gerard Hanrahan	11	10	5	5	-	-	-	-	-	-
Helen Margaret Mahar	11	8	5	3	-	-	-	-	-	-
Helen Fay Tatchell	11	5	5	5	-	-			-	-
David Roger Lowery	11	10			4	4	-	-	-	-
Barry Francis Sims	11	11	-	-			2	2	-	-
Kellee Ann Frazer	11	11	5	4	3	2	-	-	-	-

### Proceedings on behalf of the company

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

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

### Non audit services

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

## Directors' report (continued)

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### Non audit services (continued)

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

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

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



**Darren Patrick Rix**  
**Chair**

Dated this 27th day of August 2021



# Auditor's independence declaration



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

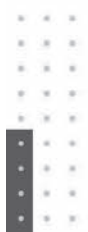
## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Moorabool Community Enterprises Limited

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 27 August 2021

**Joshua Griffin**  
Lead Auditor



# Financial statements

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

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	1,313,791	1,263,532
Other revenue	9	33,463	71,853
Finance income	10	4,096	3,804
Employee benefit expenses	11d)	(496,384)	(521,613)
Charitable donations, sponsorship, advertising and promotion	11c)	(410,546)	(295,051)
Occupancy and associated costs		(26,762)	(21,585)
Systems costs		(42,398)	(37,636)
Depreciation and amortisation expense	11a)	(56,720)	(53,473)
Finance costs	11b)	(9,924)	(13,327)
General administration expenses		(86,989)	(90,696)
<b>Profit before income tax expense</b>		<b>221,627</b>	<b>305,808</b>
Income tax expense	12a)	(50,174)	(69,718)
<b>Profit after income tax expense</b>		<b>171,453</b>	<b>236,090</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>171,453</b>	<b>236,090</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- Basic and diluted earnings per share:	30a)	22.80	31.39

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	689,319	571,852
Trade and other receivables	14a)	117,671	121,613
<b>Total current assets</b>		<b>806,990</b>	<b>693,465</b>
<b>Non-current assets</b>			
Property, plant and equipment	15a)	473,099	484,790
Right-of-use assets	16a)	143,176	164,391
Intangible assets	17a)	4,478	17,908
Deferred tax asset	18b)	13,118	8,584
<b>Total non-current assets</b>		<b>633,871</b>	<b>675,673</b>
<b>Total assets</b>		<b>1,440,861</b>	<b>1,369,138</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19a)	68,352	88,640
Current tax liabilities	18a)	9,750	29,356
Lease liabilities	20a)	30,495	28,224
Employee benefits	22a)	60,827	52,773
<b>Total current liabilities</b>		<b>169,424</b>	<b>198,993</b>
<b>Non-current liabilities</b>			
Lease liabilities	20b)	147,166	172,486
Employee benefits	22b)	13,451	10,131
Provisions	21a)	15,561	14,835
<b>Total non-current liabilities</b>		<b>176,178</b>	<b>197,452</b>
<b>Total liabilities</b>		<b>345,602</b>	<b>396,445</b>
<b>Net assets</b>		<b>1,095,259</b>	<b>972,693</b>
<b>EQUITY</b>			
Issued capital	23a)	690,987	690,987
Retained earnings	24	404,272	281,706
<b>Total equity</b>		<b>1,095,259</b>	<b>972,693</b>

The accompanying notes form part of these financial statements.



## Financial statements (continued)

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

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2019</b>		690,987	90,743	781,730
Total comprehensive income for the year		-	236,090	236,090
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	29	-	(45,127)	(45,127)
<b>Balance at 30 June 2020</b>		<b>690,987</b>	<b>281,706</b>	<b>972,693</b>
<b>Balance at 1 July 2020</b>		690,987	281,706	972,693
Total comprehensive income for the year		-	171,453	171,453
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	29	-	(48,887)	(48,887)
<b>Balance at 30 June 2021</b>		<b>690,987</b>	<b>404,272</b>	<b>1,095,259</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,484,735	1,439,054
Payments to suppliers and employees		(1,187,831)	(1,025,761)
Interest received		4,096	3,804
Interest paid		-	(2,320)
Lease payments (interest component)	11b)	(9,198)	(10,315)
Lease payments not included in the measurement of lease liabilities	11e)	(17,702)	(15,717)
Income taxes paid		(74,314)	(69,476)
<b>Net cash provided by operating activities</b>	<b>25</b>	<b>199,786</b>	<b>319,269</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(4,569)	(52,429)
Proceeds from sale of property, plant and equipment		-	26,818
<b>Net cash used in investing activities</b>		<b>(4,569)</b>	<b>(25,611)</b>
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings		-	(33,584)
Lease payments (principal component)		(28,863)	(26,638)
Dividends paid	29	(48,887)	(45,127)
<b>Net cash used in financing activities</b>		<b>(77,750)</b>	<b>(105,349)</b>
<b>Net cash increase in cash held</b>		<b>117,467</b>	<b>188,309</b>
Cash and cash equivalents at the beginning of the financial year		571,852	383,543
<b>Cash and cash equivalents at the end of the financial year</b>	<b>13</b>	<b>689,319</b>	<b>571,852</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

For the year ended 30 June 2021

## 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**

Shop 1 & 2  
135 Inglis Street  
Ballan VIC 3342

**Principal Place of Business**

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 28.

## Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the Directors on 27 August 2021.

## Note 3 Changes in accounting policies, standards and interpretations

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

## Note 4 Summary of significant accounting policies

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

### a) Revenue from contracts with customers

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

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

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



## Notes to the financial statements (continued)

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

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

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

#### *Revenue calculation*

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

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

#### *Margin*

Margin is arrived at through the following calculation:

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

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

#### *Commission*

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

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

#### *Fee income*

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

#### *Core banking products*

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

#### *Ability to change financial return*

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

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

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

## Notes to the financial statements (continued)

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

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

##### *Ability to change financial return (continued)*

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
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*

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

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

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

#### b) 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.

# Notes to the financial statements (continued)

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

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

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

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

### **c) Employee benefits**

#### *Short-term employee benefits*

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

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

#### *Defined superannuation contribution plans*

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

#### *Other long-term employee benefits*

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

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

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

### **d) Taxes**

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

#### *Current income tax*

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

#### *Deferred tax*

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

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

## Notes to the financial statements (continued)

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

#### d) Taxes (continued)

##### *Deferred tax (continued)*

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

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

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

##### *Goods and Services Tax*

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

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

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

#### e) 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.

#### f) Property, plant and equipment

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

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

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss. 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
Leasehold improvements	Straight-line	15 to 40 years
Plant and equipment	Straight-line	5 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.

#### g) 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.

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

The franchise fees paid by the company and domiciled customer accounts acquired are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life.

## Notes to the financial statements (continued)

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

#### g) Intangible assets (continued)

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 required.

#### h) 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.

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

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

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

#### i) Impairment

##### *Non-derivative financial assets*

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

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

##### *Non-financial assets*

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

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

#### j) Issued capital

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

#### k) 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.



# Notes to the financial statements (continued)

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

### k) Provisions (continued)

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.

### l) Leases

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

#### *As a lessee*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Notes to the financial statements (continued)

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

#### a) Judgements

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

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

#### b) Assumptions and estimation uncertainties

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

Note	Assumptions
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

## Note 6 Financial risk management

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

Risk management is carried out directly by the Board of Directors.

#### a) Credit risk

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

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

#### b) Liquidity risk

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

Exposure to liquidity risk

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

## Notes to the financial statements (continued)

### Note 6 Financial risk management (continued)

#### b) Liquidity risk (continued)

Non-derivative financial liability	Contractual cash flows			
	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
30 June 2021				
Lease liabilities	177,661	38,341	153,361	9,585
Trade payables	1,564	1,564	-	-
	<b>179,225</b>	<b>39,905</b>	<b>153,361</b>	<b>9,585</b>

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

#### c) 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.

##### Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$689,319 at 30 June 2021 (2020: \$571,852). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

## Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

## Notes to the financial statements (continued)

### Note 8 Revenue from contracts with customers

	2021 \$	2020 \$
- Margin income	919,211	931,601
- Fee income	65,809	70,609
- Commission income	328,771	261,322
	<b>1,313,791</b>	<b>1,263,532</b>

### Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	-	10,000
- Cash flow boost	33,463	54,086
- Sale of property, plant and equipment	-	7,767
	<b>33,463</b>	<b>71,853</b>

### Note 10 Finance income

	2021 \$	2020 \$
<b>- Term deposits</b>	<b>4,096</b>	<b>3,804</b>

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

### Note 11 Expenses

	2021 \$	2020 \$
<b>a) Depreciation and amortisation expense</b>		
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	4,757	4,853
- Plant and equipment	1,331	1,195
- Motor vehicles	10,173	7,692
	<b>16,261</b>	<b>13,740</b>
<i>Depreciation of right-of-use assets:</i>		
- Leased land and buildings	27,029	26,303
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,238	2,238
- Franchise renewal process fee	11,192	11,192
	<b>13,430</b>	<b>13,430</b>
<b>Total depreciation and amortisation expense</b>	<b>56,720</b>	<b>53,473</b>

## Notes to the financial statements (continued)

### Note 11 Expenses (continued)

	2021 \$	2020 \$
<b>b) Finance costs</b>		
- Bank loan interest paid or accrued	-	2,320
- Lease interest expense	9,198	10,315
- Unwinding of make-good provision	726	692
	<b>9,924</b>	<b>13,327</b>

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

### c) 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).

	2021 \$	2020 \$
- Direct sponsorship, advertising, and promotion payments	300,546	241,051
- Contribution to the Community Enterprise Foundation™ (CEF)	110,000	54,000
	<b>410,546</b>	<b>295,051</b>

The funds contributed are held by the 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.

	2021 \$	2020 \$
<b>d) Employee benefit expenses</b>		
Wages and salaries	424,644	441,444
Contributions to defined contribution plans	40,701	39,569
Expenses related to long service leave	6,372	7,315
Other expenses	24,667	33,285
	<b>496,384</b>	<b>521,613</b>

### e) Recognition exemption

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

	2021 \$	2020 \$
<b>Expenses relating to low-value leases</b>	<b>17,702</b>	<b>15,717</b>



## Notes to the financial statements (continued)

### Note 12 Income tax expense

	2021 \$	2020 \$
<b>a) Amounts recognised in profit or loss</b>		
<i>Current tax expense</i>		
- Current tax	54,708	63,405
- Movement in deferred tax	(5,059)	(8,151)
- Adjustment to deferred tax on AASB 16 retrospective application	-	13,969
- Reduction in company tax rate	525	495
	<b>50,174</b>	<b>69,718</b>
<b>b) Prima facie income tax reconciliation</b>		
Operating profit before taxation	221,627	305,808
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	57,623	84,097
Tax effect of:		
- Non-deductible expenses	726	-
- Temporary differences	5,059	(5,819)
- Other assessable income	(8,700)	(14,873)
- Movement in deferred tax	(5,059)	(8,151)
- Reduction in company tax rate	525	495
- Leases initial recognition	-	13,969
	<b>50,174</b>	<b>69,718</b>

### Note 13 Cash and cash equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	218,237	164,697
- Term deposits	471,082	407,155
	<b>689,319</b>	<b>571,852</b>

### Note 14 Trade and other receivables

	2021 \$	2020 \$
<b>a) Current assets</b>		
Trade receivables	109,585	115,687
Prepayments	8,086	5,926
	<b>117,671</b>	<b>121,613</b>

## Notes to the financial statements (continued)

### Note 15 Property, plant and equipment

	2021 \$	2020 \$
<b>a) Carrying amounts</b>		
<i>Land</i>		
At cost	323,398	323,398
Leasehold improvements		
At cost	181,185	181,185
Less: accumulated depreciation	(81,274)	(76,517)
	<b>99,911</b>	<b>104,668</b>
<i>Plant and equipment</i>		
At cost	33,950	32,325
Less: accumulated depreciation	(24,902)	(23,571)
	<b>9,048</b>	<b>8,754</b>
<i>Motor vehicles</i>		
At cost	51,285	48,340
Less: accumulated depreciation	(10,543)	(370)
	<b>40,742</b>	<b>47,970</b>
<b>Total written down amount</b>	<b>473,099</b>	<b>484,790</b>
<b>b) Reconciliation of carrying amounts</b>		
<i>Land</i>		
at cost	323,398	323,398
Leasehold improvements		
Carrying amount at beginning	104,668	96,836
Additions	-	12,685
Depreciation	(4,757)	(4,853)
	<b>99,911</b>	<b>104,668</b>
<i>Plant and equipment</i>		
Carrying amount at beginning	8,754	9,379
Additions	1,625	2,104
Disposals	-	(1,534)
Depreciation	(1,331)	(1,195)
	<b>9,048</b>	<b>8,754</b>
<i>Motor vehicles</i>		
Carrying amount at beginning	47,970	26,373
Additions	2,945	48,340
Disposals	-	(19,051)
Depreciation	(10,173)	(7,692)
	<b>40,742</b>	<b>47,970</b>
<b>Total written down amount</b>	<b>473,099</b>	<b>484,790</b>

### 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.

## Notes to the financial statements (continued)

### Note 16 Right-of-use assets

	2021 \$	2020 \$
<b>a) Carrying amounts</b>		
<i>Leased land and buildings</i>		
At cost	400,352	394,538
Less: accumulated depreciation	(257,176)	(230,147)
<b>Total written down amount</b>	<b>143,176</b>	<b>164,391</b>
<b>b) Reconciliation of carrying amounts</b>		
<i>Leased land and buildings</i>		
Carrying amount at beginning	164,391	-
Initial recognition on transition	-	394,538
Accumulated depreciation on adoption	-	(203,844)
Remeasurement adjustments	5,814	-
Depreciation	(27,029)	(26,303)
<b>Total written down amount</b>	<b>143,176</b>	<b>164,391</b>

### Note 17 Intangible assets

	2021 \$	2020 \$
<b>a) Carrying amounts</b>		
<i>Franchise fee</i>		
At cost	21,192	21,192
Less: accumulated amortisation	(20,445)	(18,207)
	<b>747</b>	<b>2,985</b>
<b>Franchise renewal process fee</b>		
At cost	55,961	55,961
Less: accumulated amortisation	(52,230)	(41,038)
	<b>3,731</b>	<b>14,923</b>
<b>Total written down amount</b>	<b>4,478</b>	<b>17,908</b>
<b>b) Reconciliation of carrying amounts</b>		
<i>Franchise fee</i>		
Carrying amount at beginning	2,985	5,223
Amortisation	(2,238)	(2,238)
	<b>747</b>	<b>2,985</b>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	14,923	26,115
Amortisation	(11,192)	(11,192)
	<b>3,731</b>	<b>14,923</b>
<b>Total written down amount</b>	<b>4,478</b>	<b>17,908</b>

#### c) Changes in estimates

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

## Notes to the financial statements (continued)

### Note 18 Tax assets and liabilities

	2021 \$	2020 \$
<b>a) Current tax</b>		
<b>Income tax payable</b>	<b>9,750</b>	<b>29,356</b>
<b>b) Deferred tax</b>		
<i>Deferred tax assets</i>		
- employee provisions	18,570	16,355
- make-good provision	3,890	3,857
- lease liability	44,415	52,185
<b>Total deferred tax assets</b>	<b>66,875</b>	<b>72,397</b>
<i>Deferred tax liabilities</i>		
- property, plant and equipment	17,963	21,071
- right-of-use assets	35,794	42,742
<b>Total deferred tax liabilities</b>	<b>53,757</b>	<b>63,813</b>
<b>Net deferred tax assets (liabilities)</b>	<b>13,118</b>	<b>8,584</b>
<b>Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income</b>	<b>(4,534)</b>	<b>(6,313)</b>
<b>Movement in deferred tax charged to Statement of Changes in Equity</b>	<b>-</b>	<b>13,969</b>

### Note 19 Trade creditors and other payables

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

	2021 \$	2020 \$
<b>a) Current liabilities</b>		
Trade creditors	1,564	68,270
Other creditors and accruals	66,788	20,370
	<b>68,352</b>	<b>88,640</b>

### Note 20 Lease liabilities

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

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

The company's lease portfolio includes:

- Ballan  
The lease agreement commenced in October 2011. It was renewed for a further 5 years in October 2016. The lease has a 5 year renewal option available at October 2021 which is reasonably certain to be exercised. The lease term used in the lease liability expires in September 2026.

## Notes to the financial statements (continued)

### Note 20 Lease liabilities (continued)

	2021 \$	2020 \$
<b>a) Current lease liabilities</b>		
Property lease liabilities	38,341	37,224
Unexpired interest	(7,846)	(9,000)
	<b>30,495</b>	<b>28,224</b>
<b>b) Non-current lease liabilities</b>		
Property lease liabilities	162,946	195,424
Unexpired interest	(15,780)	(22,938)
	<b>147,166</b>	<b>172,486</b>
<b>c) Reconciliation of lease liabilities</b>		
Balance at the beginning	200,710	-
Initial recognition on AASB 16 transition	-	227,348
Remeasurement adjustments	5,814	-
Lease interest expense	9,198	10,315
Lease payments - total cash outflow	(38,061)	(36,953)
	<b>177,661</b>	<b>200,710</b>
<b>d) Maturity analysis</b>		
- Not later than 12 months	38,341	37,224
- Between 12 months and 5 years	153,361	148,894
- Greater than 5 years	9,585	46,530
<b>Total undiscounted lease payments</b>	<b>201,287</b>	<b>232,648</b>
Unexpired interest	(23,626)	(31,938)
<b>Present value of lease liabilities</b>	<b>177,661</b>	<b>200,710</b>

### Note 21 Provisions

	2021 \$	2020 \$
<b>a) Non-current liabilities</b>		
<b>Make-good on leased premises</b>	<b>15,561</b>	<b>14,835</b>

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be \$20,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 October 2026, at which time it is expected the face-value costs to restore the premises will fall due.

### Note 22 Employee benefits

	2021 \$	2020 \$
<b>a) Current liabilities</b>		
Provision for annual leave	38,907	33,905
Provision for long service leave	21,920	18,868
	<b>60,827</b>	<b>52,773</b>



## Notes to the financial statements (continued)

### Note 22 Employee benefits (continued)

	2021 \$	2020 \$
<b>b) Non-current liabilities</b>		
<b>Provision for long service leave</b>	<b>13,451</b>	<b>10,131</b>

### c) Key judgement and assumptions

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

### Note 23 Issued capital

	2021		2020	
	Number	\$	Number	\$
<b>a) Issued capital</b>				
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)
	<b>752,110</b>	<b>690,987</b>	<b>752,110</b>	<b>690,987</b>

### b) Rights attached to issued capital

#### Ordinary shares

#### Voting rights

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

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

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

#### Dividends

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

#### Transfer

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

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

## Notes to the financial statements (continued)

### Note 23 Issued capital (continued)

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

##### *Prohibited shareholding interest*

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 277. As at the date of this report, the company had 291 shareholders (2020: 292 shareholders).

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

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

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

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

### Note 24 Retained earnings

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		281,706	127,571
Adjustment for transition to AASB 16		-	(36,828)
Net profit after tax from ordinary activities		171,453	236,090
Dividends provided for or paid	29a)	(48,887)	(45,127)
<b>Balance at end of reporting period</b>		<b>404,272</b>	<b>281,706</b>

### Note 25 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	171,453	236,090
Adjustments for:		
- Depreciation	43,290	40,043
- Amortisation	13,430	13,430
- Profit on disposal of non-current assets	-	(6,233)

## Notes to the financial statements (continued)

### Note 25 Reconciliation of cash flows from operating activities (continued)

	2021 \$	2020 \$
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	3,942	(16,291)
- (Increase)/decrease in other assets	(4,535)	6,313
- Increase/(decrease) in trade and other payables	(20,288)	19,056
- Increase/(decrease) in employee benefits	11,374	32,240
- Increase/(decrease) in provisions	726	692
- Increase/(decrease) in tax liabilities	(19,606)	(6,071)
<b>Net cash flows provided by operating activities</b>	<b>199,786</b>	<b>319,269</b>

### Note 26 Financial instruments

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

	Note	2021 \$	2020 \$
<b>Financial assets</b>			
Cash and cash equivalents	13	218,237	164,697
Term deposits	13	471,082	407,155
Trade and other receivables	14	109,585	115,687
		<b>689,319</b>	<b>571,852</b>
<b>Financial liabilities</b>			
<b>Trade and other payables</b>	<b>19</b>	<b>1,564</b>	<b>68,270</b>

### Note 27 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- Taxation advice and tax compliance services	1,500	1,300
- General advisory services	3,390	2,780
- Share registry services	3,358	3,681
<b>Total auditor's remuneration</b>	<b>13,248</b>	<b>12,561</b>

## Notes to the financial statements (continued)

### Note 28 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	Kellee Ann Frazer

#### b) Key management personnel compensation

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

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

#### c) Related party transactions

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

	2021 \$	2020 \$
Transactions with related parties		
- Helen Fay Tatchell was paid for advertising services	5,751	3,784
- Darren Patrick Rix supplied hire car services	-	184
<b>Total transactions with related parties</b>	<b>5,751</b>	<b>3,968</b>

#### 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 \$1,071 for the year ended 30 June 2021 (2020: \$1,216).

### Note 29 Dividends provided for or paid

#### a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
<b>Fully franked dividend</b>	<b>6.50</b>	<b>48,887</b>	<b>6.00</b>	<b>45,127</b>

The tax rate at which dividends have been franked is 26% (2020: 27.5%).

	2021 \$	2020 \$
<b>b) Franking account balance</b>		
Franking account balance at the beginning of the financial year	124,382	72,023
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	(12,743)	92,538
- Franking credits from the payment of income tax instalments during the financial year	63,995	-
- Franking debits from the payment of franked distributions	(17,177)	(17,117)
<b>Franking account balance at the end of the financial year</b>	<b>158,457</b>	<b>147,444</b>

## Notes to the financial statements (continued)

### Note 29 Dividends provided for or paid (continued)

	2021 \$	2020 \$
<b>b) Franking account balance (continued)</b>		
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	9,750	29,356
<b>Franking credits available for future reporting periods</b>	<b>168,207</b>	<b>176,800</b>

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

### Note 30 Earnings per share

#### a) 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.

	2021 \$	2020 \$
Profit attributable to ordinary shareholders	171,453	236,090
	Number	Number
Weighted-average number of ordinary shares	752,110	752,110
	Cents	Cents
Basic and diluted earnings per share	22.80	31.39

### Note 31 Commitments

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

### Note 32 Contingencies

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

### Note 33 Subsequent events

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

# Directors' declaration

The Directors present their financial statements of the company for the financial year ended 30 June 2021.

In the opinion of the Directors:

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

This declaration is made in accordance with a resolution of the Board of Directors.



**Darren Patrick Rix**  
**Chair**

Dated this 27th day of August 2021



# Independent audit report



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

### Report on the Audit of the Financial Report

#### Opinion

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

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

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

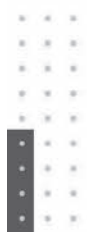
- i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

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

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

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



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## Other Information

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

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

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

## Auditor's responsibilities for the Audit of the Financial Report

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

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03 5443 0344

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

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 27 August 2021

**Joshua Griffin**  
Lead Auditor

**Community Bank · Ballan & District**

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Franchisee:

Moorabool Community Enterprises Limited

ABN: 46 148 907 591

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