

# Annual Report 2021

Mt Eliza Community  
Enterprise Limited

Community Bank · Mt Eliza

ABN 18 139 499 326



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# Chairman's report

It's my pleasure to present this Annual Report to shareholders of Mt Eliza Community Enterprise Limited for the 2020–21 financial year.

The company finished the year with a profit after tax of \$203,078. We reported a positive cash movement of \$172,010. At 30 June we had cash reserves of in excess of current liabilities of \$536,796.

We will be declaring a fully franked dividend of 5-cents to be paid to our shareholders in mid December 2021. I'm delighted to be in a position to pay this dividend for the fourth year running.

I congratulate our branch staff, led by our Branch Manager, Fiona Parsons. She continues to do an outstanding job of leading the team and driving the growth of the branch. She and the team have been essential workers throughout the pandemic and have continued to serve our customers with professionalism and care. We are proud of the accolades they received at the Bendigo Bank regional awards event in July 2021, where they were recognised for their outstanding work.

I thank my fellow directors for their passion and dedication to the community and the business. Our volunteer directors are generous with their time and skills. They drive the strategies that make the business a success, distribute the profits to the community and ensure we have a big local impact. I particularly want to thank Deputy Chair, James Batty and Secretary/Treasurer, Rob Gauci.

In October 2020 we relocated our branch to 102 Mt Eliza Way. It's been a very positive move, giving us a fresh, modern fit-out and a more fit for purpose space for future operations. We've received great feedback from customers and staff. The move itself was managed during a lockdown period by Deputy Chair, James Batty. He spent countless hours working with Bendigo Bank and our staff to make the move as seamless as possible for our customers.

Our experience through the pandemic has highlighted how important local communities are. We now know how difficult it is when we can't connect with family, friends, colleagues and the community.

We do know that thriving, healthy communities bounce back from adversity faster and more successfully. So it has been our strategy to keep our funding flowing as efficiently as possible to our local partner organisations—even while their operations, or seasons, have been disrupted or cancelled.

Instead of our Community Pitch in 2020, we distributed support payments. Our aim is to ensure

local clubs, schools and not for profit groups survive the disruptions and challenges of the pandemic. We'll need them to be there for us in the future. They are vital to helping the community rebuild.

Our key contributions in 2021 included:

- \$30,000 in Community Pitch support payments to:
  - Peninsula Home Hospice
  - Mt Eliza Netball Club
  - Baxter Cricket Club
  - Frankston/Mornington Flyers Swim Club
  - Mornington Peninsula Legacy
  - Mt Eliza Football Netball Club
  - Peninsula Transport Assist
  - Baden Powell Cricket Club
  - Mornington Life Saving Club
  - Peninsula Arts Society
  - Mt Eliza Girl Guides
- \$20,000 retail stimulus to help traders in Mt Eliza Village with the purchase of shopping vouchers which we've distributed to our local customers
- \$5,000 to the Mt Eliza Neighbourhood House to support their community meals program activities for elderly and isolated people
- plus other smaller contributions to local organisations.

By the end of the year our total tally of funds returned to the community hit \$300,000. This figure will continue to grow as our business grows. We will continue to play our role in the sustainable growth and prosperity of our community.

Bendigo Bank's Community Bank network is one of the world's largest social enterprise-style businesses. We're proud to be a part of one of Australia's biggest banks, and one of country's most trusted brands. To date the network of Community Bank branches has returned \$272 million to Australian communities.

I urge you to continue to refer your family, friends and colleagues to Community Bank Mt Eliza. We're making great things happen for our customers and the community.

As always, I thank you for being part of it.



**Reagan H. Barry**  
Chairman

reagan@mece.com.au

# Branch Manager's report

I'm pleased to report on our progress for the 2020–21 financial year. We saw continued positive growth in the business, some great impact in the community, and we've adapted well to the ongoing challenges of COVID-19.

We ended the year with total business footings at \$213.9 million (including \$109.5 million in loans—up 22.5% and \$87.1 million in deposits—up 29%). We've also seen steady growth in customer numbers and products per customer this year.

In a highly competitive environment we've had some great results which we are really proud of.

These results are great, but what is still inspiring me is that we know that there's still so much local business for us to tap into. The pandemic has not stopped people making plans for the future, refinancing and buying property and we're here to help them do that.

Bendigo Bank is continuing to take steps to transform its business for the future and to provide the best outcomes for our customers. There's a focus on simplifying the way we do business, evolving and adapting. Telling the stories of our community impact is supported by our dedication to customer experience, training for our team, and a focus on sustainable growth. We have something people are looking for—a genuine focus on our customers and community.

I congratulate the branch team on their work this year. Andrew, Melissa and Karen have been a fantastic support to me and our customers this past 12 months. It has not been easy being an essential worker through the pandemic. We have all felt the fatigue and frustrations. But the team have shown professionalism, resilience, patience and care. I am very proud of them.

During the year we welcomed Amey Duffy to the team as our new Mobile Relationship Manager. We're excited to be able to serve our customers at the times and places that suit them. Amey brings considerable experience and skill to the team.

Since the end of the financial year, we have welcomed two new team members, Christine and Megan. They have both hit the ground running and I'm looking forward to seeing them grow into their roles.

Thank you to the board of directors for your guidance, counsel, support and referrals. Our seven local Directors volunteer their time, skills and expertise and are a considerable factor in our success. Their work in the community is driving

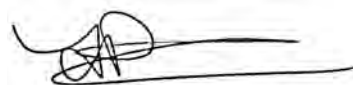
business in the door and helping us to have a big impact. This impact is a motivation which inspires the branch team and I every day. We're passionate about feeding into the prosperity of this community.

I also extend my thanks our Regional Manager, Kristy Marshall and the whole team at Bendigo Bank for their continued support and guidance.

During the year we re-located the branch across the road from Ritchies Village to our new location at 102 Mt Eliza Way. I'm thrilled with the new branch, as are our staff and customers. We're proud to be one of Bendigo Bank's first generation of new look branches around the country. We put a lot of work into designing the branch for our customers, staff and future needs. We've been warmly welcomed by our new neighbouring businesses, and the central village location has brought new customers in the door and given us increased visibility. We now feel very well placed for a bright future.

The local impact and contributions Community Bank Mt Eliza is making is another great reason for you to bring your banking, insurance and superannuation business over to us. I encourage our local shareholders to refer their family, friends and colleagues to me. I will ensure they are extremely well looked after and we'll help them reach their goals.

This year we've seen a number of our local competitors close their Mt Eliza branches. Our message to local people and businesses who have been frustrated by these local closures is: We're here for you. It's time to change to the better big bank.



**Fiona Parsons**  
**Branch Manager**

Fiona.Parsons@bendigoadelaide.com.au

# Community impact report

We're aiming to be the bank of choice for Mt Eliza and a leader in our community. We work hard to have an impact on local wellbeing and prosperity.



**\$300,000**

Reinvested in the Mt Eliza community to-date



**\$51,414**

Reinvested in the Mt Eliza community in 2020-21



**\$20,000**

COVID-19 stimulus purchase of vouchers from Mt Eliza retailers to-date



**33**

Local projects and organisations funded in 2020-21

## Community Pitch 2020 support payments

While we were unable to host our annual Community Pitch event this year, instead we made COVID support payments to the tune of \$30,000 to the applicant organisations, including:

- Peninsula Home Hospice
- Mt Eliza Netball Club
- Baxter Cricket Club
- Frankston/Mornington Flyers Swim Club
- Mornington Peninsula Legacy
- Mt Eliza Football Netball Club
- Peninsula Transport Assist
- Baden Powell Cricket Club
- Mornington Life Saving Club
- Peninsula Arts Society
- Mt Eliza Girl Guides

We want to ensure that local community groups, clubs and initiatives are well-resourced to cope with the challenges of the pandemic. We need these organisations to be there for the community as we emerge from it.



We're long-term supporters of community transport organisation, Peninsula Transport Assist.



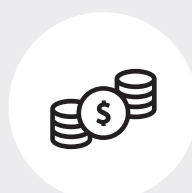
The Mt Eliza Netball Club are doing a great job of inspiring the health, wellbeing and leadership skills of girls.



We're helping Mornington Peninsula Legacy support around 950 frail and elderly veterans' widows in our region.



We joined Baden Powell Cricket Club to celebrate the opening of the new Overport Park pavilion facilities.



## \$272 million milestone

At 30 June 2021 the total contributions made by Community Bank branches around Australia had hit \$272 million. Bendigo Bank continues to feed into the prosperity of customers and communities, not off it.



Our message to local people and businesses who have been frustrated by closures of other bank branches is: We're here for you. It's time to change to the better big bank.



2799

Mt Eliza customers  
at 30 June 2021



172

Local shareholders  
at 30 June 2021



5c

Dividend paid  
to shareholders  
in 2020-21



7

Volunteer directors  
working for the  
community



Again this year, we supported Equestrian Victoria's Barastoc Horse of the Year event in February.



Mt Eliza Bowling Club is one of our close community partners, and were proud to support their Community Bowls Challenge event in February.



Our support of the Mt Eliza Fire Brigade in 2021 helped them subscribe to important software to communicate urgently with their members.



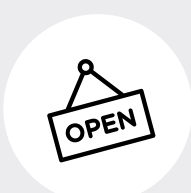
We continue our support of RPP FM, our community radio station who is helping to tell our local stories and broadcast local sport.



We supported Mt Eliza Neighbourhood House's community meals program, which adapted to COVID challenges with take away meals.



As part of our effort to support Mt Eliza's retailers through COVID, we purchased gift and shopping vouchers which were distributed to our customers.



## New branch location

In October 2020 we opened our new branch location at 102 Mt Eliza Way. The new fit-out has been designed to better serve our customers and set the branch up for the future.

# Corporate governance statement

Our board is comprised entirely of non-executive independent volunteer directors. The skills, experience and composition of the board is detailed in the director's report. Details of the directors' shareholdings, their remuneration and any transactions which they have conducted with the company are included in the directors' report and notes to the financial statements.

The board has committed to a high standard of corporate governance, financial reporting and integrity in the company's operations.

The following committees advise the board and facilitate our activities:

- Audit, risk and governance
- People and culture
- Marketing and community engagement, and
- Executive committee.

## Independent professional advice

Directors have the right to seek independent professional advice (at the company's expense) to help them perform their duties.

The board engaged independent professional legal, accounting and audit services throughout the year.

## Identifying and managing business risks

The board regularly monitors the operational and financial performance of the company against budget and other key performance measures. The board also receives advice on areas of operational and financial risks, and develops strategies in conjunction with management, to mitigate those risks.

The directors regularly undertake risk assessment analyses on the company's operations.

Committees have budget authorisation limits set by the board to facilitate day-to-day activities. Expenses above set amounts are subject to approval by the Chair.

The board and committees work closely with Bendigo Bank's support teams and regional manager to ensure our compliance with their policies, practices and guidelines. We actively engage in the training and capacity building opportunities provided by Bendigo Bank.

## Communication with shareholders

The board of directors aims to ensure that our shareholders, on behalf of whom we act, are informed of all major developments affecting the company's activities and its state of affairs. This includes information to assess director and board performance.

Information is communicated to shareholders through our:

- website: [bendigobank.com.au/mt-eliza](http://bendigobank.com.au/mt-eliza)
- Annual Report
- Annual General Meeting
- regular newsletters, and
- email communications.

### Our vision

To be the bank of choice for Mt Eliza and a leader in our community.

### Our mission

To work with Bendigo Bank and our staff to deliver exceptional banking services and to share the benefits with our stakeholders.

# Directors' report

For the financial year ending 30 June 2021

Your directors submit the financial statements of the company for the financial year ended 30 June 2021.

## Directors

The names and details of the company's directors who held office during or since the end of the financial year:

### Reagan Harrison Barry

Director/Chairman

Occupation: Commercial Operations Manager

Reagan holds a Masters of Business (Banking and Finance), Bachelor of Commerce (Accounting) and is a member of the Australian Institute of Company Directors. Professionally, he works in the corporate sector as a Commercial Operations Manager, with commercial responsibility for a national division within the telecommunications industry. Reagan is Mt Eliza born and bred and has actively been involved in a variety of organisations. He was elected to board in June 2013, elected Deputy Chair in November 2013 and Chair in April 2014. He is passionate about the Mt Eliza Community and keen to contribute to its growth and development.

Interest in shares: 1,000

### James Craig Batty

Director / Deputy Chairman

Chair of Engagement and Development Committee

Occupation: General Manager, Event Logistic Group Pty Ltd

James was born and raised in Mt Eliza. He was educated at Peninsula Grammar and married with three sons. His company, Event Logistic Group (incorporating The Production Place and Coulson Party Hire), is a family owned and operated event company. The company specialises in event management, marquee and event hire and has been operating since 1965. James is passionate about the local community and the Mt Eliza Community Bank branch meeting its objectives.

Interest in shares: 1,000

### Robert Charles Gauci

Director / Treasurer / Company Secretary

Occupation: Director, Port Phillip Group

Rob holds a Bachelor of Business (Accounting), is a Chartered Accountant and a registered Tax Agent. He has over 30 years experience in business services. Rob is former treasurer and a life member of the Frankston Life Saving Club. Having grown up in Mt Eliza, Rob is passionate about helping the local community prosper and believes the Mt Eliza Community Bank Branch is a great vehicle for helping to achieve this.

Interest in shares: 1,000

### Alexandra Godfrey

Director

Chair of Marketing and Community Engagement Committee

Occupation: Director, Fusebox Design / Fusebox Communications

Alex is a communications and design professional with over 25 years experience. She specialises in producing branding and corporate identity, publications, marketing and communications for clients in a variety of sectors. She is a digital and online communications specialist who is inspired by the power of technology to educate, motivate and transform. She has lived in Mt Eliza since 2006 and supports organisations involved in human rights advocacy, animal welfare and Indigenous education. Alex is a member of the Governance Institute of Australia. She represents us on the committee of the Mt Eliza Men's Shed and Bendigo Bank's State Marketing Committee.

Interest in shares: 1,000



## Directors' report (continued)

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### **Joanne Horton**

Director

Chair of People and Culture Committee

Occupation: Community Development, Bendigo Bank

Jo Horton has been on our board since April 2015. She is a human resources professional who helps us manage our people and culture. Jo holds a senior position on Bendigo Bank's Community Development team. Her background includes 20 years in the corporate sector, in both commercial and senior learning and development roles. She has also consulted in her own business, delivering leadership and team development solutions. Her passion lies in enabling people and organisations to be the best they can be, with a clear focus on what's possible. Her focus for our branch is on customer service excellence and supporting the growth of our community. A Mt Eliza local since the early 2000s, Jo enjoys village life, living locally with her husband and Labrador.

Interest in shares: nil

### **Gregory John Russo**

Director

Chair of the Audit, Risk and Governance Committee

Occupation: Lawyer

Greg holds a Bachelor of Science (Pure Mathematics) and a Bachelor of Law. He is a principal of Featherbys Barristers and Solicitors in Rosebud and is a member of the Law Institute of Victoria and an accredited specialist in wills and estates. Greg was born in Sydney and relocated to Melbourne as a teenager. He has lived and worked on the Mornington Peninsula and Frankston since 1994. He currently lives in Mount Eliza with his wife and son. Greg is committed to community development and has been involved, in a variety of capacities, with a number of professional and community organisations. He is keen to contribute to the growth and development of the Mount Eliza Community.

Interest in shares: nil

### **Matthew Keith Wilson**

Director

Occupation: Senior Private Wealth Adviser and Company Director

Matthew is an experienced investment adviser and stockbroker at one of Australia's leading investment and wealth management firms, Shaw and Partners. He holds a number of finance related degrees, including a Bachelor of Business (Law) from Monash University; as well as a Graduate Diploma of Wealth Management from Deakin University. Having previously worked for Morgan Stanley and Citibank, he assists his private clients with the effective and efficient management of their financial investments and affairs. Matthew and his wife both have grown up in the Mt Eliza area and have three young sons. Matthew is active within the community and is delighted to contribute his skills, knowledge and experience to Mt Eliza Community Enterprise Limited.

Interest in shares: 7,000

Directors were in office for this entire year unless otherwise stated. No directors have material interests in contracts or proposed contracts with the company.

# Directors' report (continued)

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## Company Secretary

The company secretary is Robert Charles Gauci. He was appointed to the position on 1 July 2020.

## Principal activities

The principal activities of the company during the financial year were facilitating Community Bank services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

## Operating results

Operations have continued to perform in line with expectations. 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 \$
	203,078	254,156

## 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 \$
Fully franked dividend	0.05	40,355

## Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State governments have 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 receives remuneration for services as a company director or committee member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operational management of the entity.

There are therefore no specified executives whose remuneration requires disclosure.

### Indemnification and insurance of directors and officers

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

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

### Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year are noted below. Committee and board members also met on an informal basis regularly throughout the year.

	Board meetings		Audit, Risk & Governance		People & Culture		Engagement & Development	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Reagan Harrison Barry	10	10	1	1	–	–	–	–
James Craig Batty	10	10	–	–	2	2	2	2
Robert Charles Gauci	10	10	1	1	–	–	–	–
Alexandra Godfrey	10	9	–	–	–	–	2	2
Joanne Horton	10	10	1	1	2	2	–	–
Gregory John Russo	10	8	1	1	–	–	–	–
Matthew Keith Wilson	10	10	1	1	–	–	–	–

### 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*.

## Directors' report (continued)

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### 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 White) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk 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 12.

### Remuneration report

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

The board's policy in respect of the Branch Manager is to maintain remuneration at parity within the Community Bank network and local market rates for comparable roles.

There are no company executives who are directly accountable and responsible for the strategic direction of the entity. This is wholly a board role (who act in a voluntary capacity).

Mt Eliza Community Enterprise Limited has not 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 Mt Eliza Community Bank branch. There is no requirement to own BEN shares and there is no qualification period to qualify to use the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders.

Signed in accordance with a resolution of the board of directors at Mt Eliza, Victoria on 27th September 2021.



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Reagan H. Barry  
Chairman

# Auditor's independence declaration



Ashfords Audit & Assurance Pty Ltd  
ABN 52 138 965 241  
Unit 301, 148 Logis Boulevard, Dandenong South VIC 3175  
PO Box 4525, Dandenong South VIC 3164  
(03) 9551 2822  
info@ashfords.com.au

**Mount Eliza Community Enterprise Limited**  
**ABN 18 139 499 326**

**Auditor's Independence Declaration under Section 307C of the  
Corporations Act 2001 to the Directors of Mt Eliza Community Enterprise Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in 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.

*Ashfords Audit and Assurance Pty Ltd*

Ashfords Audit and Assurance Pty Ltd

A handwritten signature in black ink, appearing to be 'AW', written over a faint circular stamp.

Andrew White - CA  
Director

14 October 2021

Level 3, 148 Logis Boulevard, Dandenong South, Vic. 3175



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# Financial statements

## Statement of Profit or Loss and Other Comprehensive Income

For the financial year ending 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from ordinary activities	8	1,196,676	1,090,072
Other Revenue	9	34,478	95,713
Finance Income	10	1,103	8,973
Employee benefits expense	11d	(509,055)	(533,206)
Charitable donations, sponsorship, advertising and promotion	11c	(82,876)	(47,346)
Occupancy and associated costs		(60,051)	(46,148)
Systems costs		(44,021)	(34,022)
Depreciation and amortisation expense	11a	(113,491)	(88,072)
Finance costs	11b	(32,657)	(3,340)
General administration expenses		(118,182)	(121,998)
<b>Profit before income tax expense</b>		<b>271,924</b>	<b>320,626</b>
Income tax expense	12a	(68,846)	(66,470)
<b>Profit after income tax expense</b>		<b>203,078</b>	<b>254,156</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>			
Earnings per share		¢	¢
Basic earnings per share	30a	25.16	31.49

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Balance Sheet

As at 30 June 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	952,082	780,072
Trade and other receivables	14a	113,334	143,862
<b>Total current assets</b>		<b>1,065,416</b>	<b>923,934</b>
<b>Non-current assets</b>			
Trade and other receivables	14b	7,515	7,515
Property, plant and equipment	15a	267,069	19,861
Right-of-use assets	16a	1,133,836	23,545
Intangible assets	17a	63,992	11,380
Deferred tax asset	18b	21,234	12,629
<b>Total non-current assets</b>		<b>1,493,646</b>	<b>74,930</b>
<b>Total assets</b>		<b>2,559,062</b>	<b>998,864</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19a	317,927	57,200
Current tax liabilities	18a	18,179	73,023
Lease liabilities	20a	44,354	26,579
Employee benefits	22a	30,542	21,676
<b>Total current liabilities</b>		<b>411,002</b>	<b>178,478</b>
<b>Non-current liabilities</b>			
Trade and other payables	19b	45,511	–
Deferred tax liabilities	18c	2,254	2,208
Lease liabilities	20b	1,101,262	–
Provisions	21a	17,080	–
Employee benefits	22b	22,267	21,214
<b>Total non-current liabilities</b>		<b>1,188,374</b>	<b>23,422</b>
<b>Total liabilities</b>		<b>1,599,376</b>	<b>201,900</b>
<b>Net assets</b>		<b>959,686</b>	<b>796,964</b>
<b>EQUITY</b>			
Issued capital	23a	774,249	774,249
Accumulated profit	24	185,437	22,715
<b>Total equity</b>		<b>959,686</b>	<b>796,964</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Changes in Equity

For the financial year ending 30 June 2021

	Notes	Issued capital \$	Accumulated profit (losses) \$	Total equity \$
<b>Balance at 1 July 2019</b>		774,249	(183,981)	590,268
Cumulative retrospective effect of AASB 16: <i>Leases</i>		–	(7,105)	(7,105)
Restated balance at 1 July 2019		774,249	(191,086)	583,163
Total comprehensive income for the year		–	254,156	254,156
<b>Transactions with owners in their capacity as owners</b>				
Shares issued during period		–	–	–
Costs of issuing shares		–	–	–
Dividends provided for or paid	29	–	(40,355)	(40,355)
<b>Balance at 30 June 2020</b>		<b>774,249</b>	<b>22,715</b>	<b>796,964</b>
<b>Balance at 1 July 2020</b>		774,249	22,715	796,964
Total comprehensive income for the year		–	203,078	203,078
<b>Transactions with owners in their capacity as owners</b>				
Shares issued during period		–	–	–
Costs of issuing shares		–	–	–
Dividends provided for or paid	29	–	(40,356)	(40,356)
<b>Balance at 30 June 2020</b>		<b>774,249</b>	<b>185,437</b>	<b>959,686</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Cash Flows

For the financial year ending 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,269,048	1,138,472
Payments to suppliers and employees		(761,093)	(767,895)
Interest received		2,238	8,688
Interest paid		(211)	(104)
Lease payments (interest component)	11b	(32,446)	(3,236)
Lease payments not included in the measurement of lease liabilities		(28,243)	–
Income taxes paid		(132,248)	–
<b>Net cash provided by operating activities</b>		<b>317,045</b>	<b>375,925</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(43,056)	(1,625)
Payments for intangible assets		(3,875)	–
<b>Net cash used in investing activities</b>		<b>(46,931)</b>	<b>(1,625)</b>
<b>Cash flows from financing activities</b>			
Lease payments (principal component)	20c	(57,398)	(74,714)
Dividends paid	29	(40,706)	(43,446)
<b>Net cash used in financing activities</b>		<b>(98,104)</b>	<b>(118,160)</b>
<b>Net increase in cash held</b>		<b>172,010</b>	<b>256,140</b>
Cash and cash equivalents at the beginning of the financial year		780,072	523,932
<b>Cash and cash equivalents at the end of the financial year</b>	13	<b>952,082</b>	<b>780,072</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

For the financial year ending 30 June 2021

## Note 1. Reporting Entity

This is the financial report for Mt Eliza Community Enterprise 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: 102 Mount Eliza Way, Mount Eliza VIC 3930
- Principal place of business: 102 Mount Eliza Way, Mount Eliza VIC 3930

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

### **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 issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

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

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

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

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

## Note 4. Summary of significant accounting policies

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

### **a) Revenue from contracts with customers**

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



## Notes to the financial statements (continued)

Note 4. Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

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

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

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

### 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 and Adelaide Bank Limited for a deposit,
- *minus* any costs of funds i.e. interest applied 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 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.

## 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

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

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

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

### **b) Other revenue**

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

Revenue	Revenue recognition policy
Discretionary financial contributions (also 'Market Development Fund' or 'MDF' income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
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 Bendigo Bank 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 businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received are in relation to the 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.

# Notes to the financial statements (continued)

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

### c) Economic dependency – Bendigo Bank

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

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

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

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

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

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

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

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

### d) Employee benefits

#### Short-term employee benefits

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

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

## Notes to the financial statements (continued)

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Note 4. Summary of significant accounting policies (continued)

d) Employee benefits (continued)

### Defined superannuation contribution plans

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

### Other long-term employee benefits

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

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

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

## **e) Taxes**

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

### Current income tax

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

### Deferred tax

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

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

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

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

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

### Goods and Services Tax

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

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

## Notes to the financial statements (continued)

Note 4. Summary of significant accounting policies (continued)

e) Taxes (continued)

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

### f) Cash and cash equivalents

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

### g) Property, plant and equipment

#### Recognition and measurement

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 or diminishing value method over their estimated useful lives, and is recognised in profit or loss.

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

Asset class	Method	Useful life
Plant and equipment	Straight-line	2.5 to 40 years

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

### h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

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

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset class	Method	Useful life
Franchise 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.



# Notes to the financial statements (continued)

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

### **i) Financial instruments**

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

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

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

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

### **j) Impairment**

#### Non-derivative financial assets

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

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 amount 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 the profit or loss immediately.

### **k) Issued capital**

#### Ordinary shares

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

# Notes to the financial statements (continued)

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

### **l) Provisions**

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

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

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

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

### **m) Leases**

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 options 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 the 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.

## Notes to the financial statements (continued)

Note 4. Summary of significant accounting policies (continued)

m) Leases (continued)

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.

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

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

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

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

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

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

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

### **a) Judgements**

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

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

## Notes to the financial statements (continued)

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

a) Judgements (continued)

### b) Assumptions and estimation uncertainties

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

Note	Assumptions
Note 18 – recognition of deferred tax assets	availability of future taxable profit 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 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.

Non-derivative financial liability	Carrying amount	Contractual cash flows		
		Not later than 12 months	Between 12 months and five years	Greater than five years
<b>30 June 2021</b>				
Lease liabilities	1,145,616	44,354	1,101,262	–
Trade payables	363,438	317,927	45,511	–
	<b>1,509,054</b>	<b>362,281</b>	<b>1,146,773</b>	–
<b>30 June 2020</b>				
Lease liabilities	26,579	26,579	–	–
Trade payables	57,200	57,200	–	–
	<b>83,779</b>	<b>83,779</b>		

# Notes to the financial statements (continued)

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## Note 6. Financial risk management (continued)

### c) Market risk

#### Market risk

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

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

#### Price risk

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

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

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

The company held cash and cash equivalents of \$952,082 at 30 June 2021 (2020: \$780,072). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard and 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 potential level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

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

The distribution limit is the greater of:

- a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee 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)

	2021 \$	2020 \$
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### Note 8. Revenue from contracts with customers

#### Revenue from contracts with customers

Margin income	1,069,590	956,301
Fee income	46,700	47,253
ATM income	506	2,788
Commission income	79,880	83,730
	<b>1,196,676</b>	<b>1,090,072</b>

### Note 9. Other revenue

#### Other revenue

Market development fund income	–	10,000
Cash flow boost	29,015	70,986
Other income	5,463	14,727
	<b>34,478</b>	<b>95,713</b>

### Note 10. Finance Income

#### Finance income at amortised cost

Term deposits	1,103	8,937
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### Note 11. Expenses

#### a) Depreciation and amortisation expense

##### Depreciation of non-current assets

Plant and equipment	3,365	2,896
Leasehold improvements	14,959	978
	<b>18,324</b>	<b>3,874</b>

##### Depreciation of right-of-use assets

Leased land and buildings	83,224	70,642
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##### Amortisation of intangible assets

Franchise fee	11,943	13,556
<b>Total depreciation and amortisation expense</b>	<b>113,491</b>	<b>88,072</b>

## Notes to the financial statements (continued)

	Notes	2021 \$	2020 \$
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Note 11. Expenses (continued)

### b) Finance costs

#### Finance costs:

Borrowing costs paid		211	104
Lease interest expense	20c	32,446	3,236
		<b>32,657</b>	<b>3,340</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 contributions (such as donations and grants).

Direct sponsorship, advertising and promotion payment	82,876	47,346
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### d) Employee benefit expenses

Wages and salaries	437,098	449,606
Non-cash benefits	8,866	41,985
Contributions to defined contribution plans	40,650	12,084
Expenses related to long service leave	1,053	9,568
Other expenses	21,388	19,963
	<b>509,055</b>	<b>533,206</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.

Expenses relating to low-value leases	28,243	14,797
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## Notes to the financial statements (continued)

	2021 \$	2020 \$
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### Note 12. Income tax expense

#### a) Amounts recognised in profit or loss

##### Current tax expense

Current tax	77,405	88,172
Movement in deferred tax	(8,559)	(19,748)
Adjustment to deferred tax on AASB 16 retrospective application	–	(1,954)
	<b>68,846</b>	<b>66,470</b>

#### b) Prima facie income tax reconciliation

Operating profit before tax	271,924	320,626
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	70,700	88,172
Add tax effect of:		
Non-assessable income	(7,544)	(19,521)
Tax losses deducted	–	(3,869)
Non deductible expenses	3,230	3,728
Timing differences expenses	2,459	(86)
Leases initial recognition	–	(1,954)
	<b>68,846</b>	<b>66,470</b>

### Note 13. Cash and cash equivalents

Cash at bank and on hand	331,060	160,686
Term deposits	621,022	619,386
	<b>952,082</b>	<b>780,072</b>

### Note 14. Trade and other receivables

#### a) Current assets

Trade receivables	104,229	97,243
Prepayments	7,887	6,821
Other receivables and accruals	1,218	39,798
	<b>113,334</b>	<b>143,862</b>

#### b) Non-current assets

Trade receivables	7,515	7,515
	<b>120,849</b>	<b>151,377</b>

## Notes to the financial statements (continued)

	2021 \$	2020 \$
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### Note 15. Property, plant and equipment

#### a) Carrying amounts

##### Leasehold Improvements

At cost	218,093	34,283
Less: accumulated depreciation and impairment	(14,176)	(30,369)
	<b>203,917</b>	<b>3,914</b>

##### Plant and equipment

At cost	31,373	83,465
Less: accumulated depreciation and impairment	(5,617)	(67,518)
	<b>25,756</b>	<b>15,947</b>

##### Motor vehicles

At cost	37,968	–
Less: accumulated depreciation and impairment	(572)	–
<b>Total written down amount</b>	<b>267,069</b>	<b>19,861</b>

#### b) Reconciliation of carrying amounts

##### Leasehold Improvements

Carrying amount at beginning	3,914	4,892
Additions	218,093	–
Disposals	(3,130)	–
Depreciation	(14,960)	(978)
<b>Carrying amount at end</b>	<b>203,917</b>	<b>3,914</b>

##### Plant and equipment

Carrying amount at beginning	15,947	17,218
Additions	24,388	1,625
Disposals	(11,785)	–
Depreciation	(2,794)	(2,896)
<b>Carrying amount at end</b>	<b>25,756</b>	<b>15,947</b>

##### Motor vehicles

Carrying amount at beginning	–	–
Additions	37,968	–
Depreciation	(572)	–
<b>Carrying amount at end</b>	<b>37,396</b>	–
<b>Total written down amount</b>	<b>267,069</b>	<b>19,861</b>

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

## Notes to the financial statements (continued)

	2021 \$	2020 \$
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Note 15. Property, plant and equipment (continued)

### c) Changes in estimates

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

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

## Note 16. Right-of-use assets

### a) Carrying amounts

#### Leased land and buildings

At cost	1,193,515	317,881
Less: accumulated depreciation	(59,679)	(294,336)
	<b>1,133,836</b>	<b>23,545</b>

### b) Reconciliation of carrying amounts

#### Leased land and buildings

Carrying at the beginning	23,545	-
Initial recognition on transition	-	317,881
Accumulated depreciation on adoption	-	(223,694)
Depreciation	(83,224)	(70,642)
Carrying amount at end	1,133,836	23,545
<b>Total written down amount</b>	<b>1,133,836</b>	<b>23,545</b>

## Note 17. Intangible assets

### a) Carrying amount

#### Franchise fee

At cost	132,336	77,781
Less: accumulated amortisation	(77,464)	(75,521)
	<b>54,872</b>	<b>2,260</b>

#### Establishment fee

At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	-	-

#### Redomicile fees

At cost	9,120	9,120
<b>Total written down amount</b>	<b>63,992</b>	<b>11,380</b>

## Notes to the financial statements (continued)

	2021 \$	2020 \$
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Note 17. Intangible assets (continued)

### b) Reconciliation of carrying amounts

#### Franchise fee

Carrying amount at beginning	2,260	15,815
Renewal	64,555	-
Amortisation	(11,943)	(13,555)
<b>Carrying amount at end</b>	<b>54,872</b>	<b>2,260</b>
<b>Redomicile fees</b>		
Carrying amount at beginning	9,120	9,120
Amortisation	-	-
<b>Carrying amount at end</b>	<b>9,120</b>	<b>9,120</b>
<b>Total written down amount</b>	<b>63,992</b>	<b>11,380</b>

### c) Changes in estimates

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

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

## Note 18. Tax assets and liabilities

### a) Current tax

Income tax payable/(refundable)	18,179	73,023
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### b) Deferred tax asset

Movement in the company's deferred tax assets for the year ended 30 June 2021:

	30 June 2020 \$	Recognised in profit or loss \$	Recognised in other comprehensive income \$	Recognised in equity \$	30 June 2021 \$
<b>Deferred tax assets</b>					
Employee provisions	11,795	1,935	-	-	13,730
Lease liability	834	6,670	-	-	7,504
Tax losses	-	-	-	-	-
<b>Total deferred tax assets</b>	<b>12,629</b>	<b>8,605</b>			<b>21,234</b>

## Notes to the financial statements (continued)

### Note 18. Tax assets and liabilities (continued)

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

	30 June 2019 \$	Recognised in profit or loss \$	Recognised in other comprehensive income \$	Recognised in equity \$	30 June 2020 \$
<b>Deferred tax assets</b>					
Employee provisions	–	11,795	–	–	11,795
Lease liability	–	834	–	–	834
Tax losses	3,869	(3,869)	–	–	–
<b>Total deferred tax assets</b>	<b>3,869</b>	<b>8,760</b>	–	–	<b>12,629</b>

### c) Deferred tax liability

Movement in the company's deferred tax liabilities for the year ended 30 June 2021:

	30 June 2020 \$	Recognised in profit or loss \$	Recognised in other comprehensive income \$	Recognised in equity \$	30 June 2021 \$
<b>Deferred tax liabilities</b>					
Prepayments	1,680	371	–	–	2,051
Accrued income	528	(325)			203
<b>Total deferred tax liabilities</b>	<b>2,208</b>	<b>46</b>	–	–	<b>2,254</b>

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

	30 June 2019 \$	Recognised in profit or loss \$	Recognised in other comprehensive income \$	Recognised in equity \$	30 June 2020 \$
<b>Deferred tax liabilities</b>					
Prepayments	–	1,680	–	–	1,680
Accrued income	–	528			528
<b>Total deferred tax liabilities</b>	–	<b>2,208</b>	–	–	<b>2,208</b>



## Notes to the financial statements (continued)

	2021 \$	2020 \$
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### 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.

#### a) Current liabilities

Trade creditors	242,342	4,864
Other creditors and accruals	75,585	52,336
	<b>317,927</b>	<b>57,200</b>

#### b) Non-current liabilities

Other creditors and accruals	45,511	–
	<b>45,511</b>	<b>–</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 3.69%.

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

The company's lease portfolio includes:

- Branch – The lease agreement commenced in October 2020 for a term of five years. There are two 5-year renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is October 2035.

#### a) Current lease liabilities

Property lease liabilities	85,891	26,844
Unexpired interest	(41,537)	(265)
	<b>44,354</b>	<b>26,579</b>

#### b) Non-current lease liabilities

Property lease liabilities	1,416,445	–
Unexpired interest	(315,183)	–
	<b>1,101,262</b>	<b>–</b>
	<b>1,145,616</b>	<b>26,579</b>

## Notes to the financial statements (continued)

	2021 \$	2020 \$
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Note 20. Lease liabilities (continued)

### c) Reconciliation of lease liabilities

Balance at the beginning	2 6,579	–
Initial recognition on AASB 16 transition	–	101,293
Additional lease liabilities recognised	1,176,435	–
Lease interest expense	32,446	3,236
Lease payments – total cash outflow	(89,844)	(77,950)
	<b>1,145,616</b>	<b>26,579</b>

### d) Maturity analysis

Not later than 12 months	85,891	26,844
Between 12 months and 5 years	1,416,445	
<b>Total undiscounted lease payments</b>	<b>1,502,336</b>	<b>26,844</b>
Unexpired interest	(356,720)	(265)
<b>Present value of lease liabilities</b>	<b>1,145,616</b>	<b>26,579</b>

## Note 21. Provisions

### a) Non-current liabilities

Make-good on leased premises	17,080	–
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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.

## Note 22. Employee benefits

### a) Current liabilities

Provision for annual leave	30,542	21,676
	<b>30,542</b>	<b>21,676</b>

### b) Non-current liabilities

Provision for long service leave	22,267	21,214
	<b>22,267</b>	<b>21,214</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.

## Notes to the financial statements (continued)

### Note 23. Issued capital

	2021		2020	
	Number	\$	Number	\$
<b>a) Issued capital</b>				
Ordinary shares – fully paid	807,110	807,110	807,110	807,110
Less: equity raising costs	–	(32,861)	–	(32,861)
	<b>807,110</b>	<b>774,249</b>	<b>807,110</b>	<b>774,249</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*.

##### 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 172. As at the date of this report, the company had 172 shareholders.

## Notes to the financial statements (continued)

	Notes	2021 \$	2020 \$
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Note 23. Issued capital (continued)

b) Rights attached to issued capital (continued)

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. Accumulated profits (losses)

Balance at the beginning of the financial year		22,715	(183,981)
Adjustment for transition to AASB 16		–	(7,105)
Net profit from ordinary activities after income tax		203,078	254,156
Dividends paid or provided for	29	(40,355)	(40,355)
<b>Balance at the end of the financial year</b>		<b>185,438</b>	<b>22,715</b>

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

Net profit after tax from ordinary activities		203,078	254,156
Adjustments for:			
Depreciation		101,548	74,516
Amortisation		11,943	13,556
Loss on disposal of asset		14,917	–
<b>Changes in assets and liabilities:</b>			
(Increase)/decrease in receivables		37,894	(47,313)
(Increase)/decrease in other assets		(365)	(1,171)
Increase/(decrease) in trade and other payables		1,513	(5,942)
Increase/(decrease) in employee benefits		9,919	21,652
Increase/(decrease) in tax liabilities		(63,402)	66,471
<b>Net cash flows provided by operating activities</b>		<b>317,045</b>	<b>375,925</b>

## Notes to the financial statements (continued)

	Notes	2021 \$	2020 \$
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### Note 26. Financial Instruments

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

#### Financial assets

Trade and other receivables	14	120,849	151,377
Cash and cash equivalents	13	331,060	160,686
Term deposits	13	621,022	619,386
		<b>1,072,931</b>	<b>931,449</b>

#### Financial liabilities

Trade and other payables	19	317,927	4,864
Lease liabilities	20	1,145,616	26,579
		<b>1,463,543</b>	<b>31,443</b>

### Note 27. Auditor's remuneration

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

#### Audit and review services

Audit and review of financial statements	5,080	4,930
	<b>5,080</b>	<b>4,930</b>

### Note 28. Related parties

#### a) Details of key management personnel

The directors of the company during the financial year were:

Reagan Harrison Barry	James Craig Batty
Robert Charles Gauci	Alexandra Godfrey
Joanne Horton	Matthew Wilson
Gregory Russo	

#### 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.

## Notes to the financial statements (continued)

	2021 \$	2020 \$
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### Note 29. Dividends provided for or paid during the year

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.

#### a) Dividends

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	0.05	40,355	0.05	40,355
<b>Total dividends provided for and paid during the financial year</b>	<b>0.05</b>	<b>40,355</b>	<b>0.05</b>	<b>40,355</b>

#### b) Franking account balance

##### Franking credits available for subsequent reporting periods

Franking account balance at the beginning of the financial year	-	-
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##### Franking transactions during the financial year

Franking credits (debits) arising from income taxes paid (refunded)	132,248	-
Franking credits/(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	-	-
Franking credits from the receipt of franked distributions	-	-
Franking debits from the payment of franked distributions	(15,307)	-
<b>Franking account balance at the end of the financial year</b>	<b>116,941</b>	<b>-</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.

Profit attributable to ordinary shareholders	\$	203,078	254,156
Weighted-average number of ordinary shares	Number	807,110	807,110
Basic and diluted earnings per share	Cents	25.16	31.49

## Notes to the financial statements (continued)

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### Note 31. Commitments

The company has no other 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

In accordance with a resolution of the directors of Mt Eliza Community Enterprise Limited, we state that:

In the opinion of the directors:

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

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



---

Reagan H. Barry  
Chairman

Signed on the 27th of September 2021

# Independent audit report



Ashfords Audit & Assurance Pty Ltd  
ABN 52 138 965 241  
Unit 301, 148 Logis Boulevard, Dandenong South VIC 3175  
PO Box 4525, Dandenong South VIC 3164  
(03) 9551 2822  
info@ashfords.com.au

## Independent Audit Report to the members of Mount Eliza Community Enterprise Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Mount Eliza Community Enterprise Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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; 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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and 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 to cease operations, or have no realistic alternative but to do so.



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# Independent audit report (continued)



Ashfords Audit & Assurance Pty Ltd  
ABN 52 138 965 241  
Unit 301, 148 Logis Boulevard, Dandenong South VIC 3175  
PO Box 4525, Dandenong South VIC 3164  
(03) 9551 2822  
info@ashfords.com.au

## 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

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

However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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## Independent audit report (continued)



Ashfords Audit & Assurance Pty Ltd  
ABN 52 138 965 241  
Unit 301, 148 Logis Boulevard, Dandenong South VIC 3175  
PO Box 4525, Dandenong South VIC 3164  
(03) 9551 2822  
[info@ashfords.com.au](mailto:info@ashfords.com.au)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

*Ashfords Audit and Assurance Pty Ltd*

**Ashfords Audit and Assurance Pty Ltd**

A handwritten signature in black ink, appearing to read 'AW', written over a light grey rectangular background.

Andrew White - CA  
Director

14 October 2021

Level 3, 148 Logis Boulevard, Dandenong South, Vic. 3175



Liability Limited by a scheme approved under Professional Standards Legislation

[www.ashfords.com.au](http://www.ashfords.com.au)

Community Bank - Mt Eliza  
102 Mt Eliza Way,  
Mt Eliza VIC 3930  
Phone: 9787 1224  
Email: [mtelizamailbox@bendigoadelaide.com.au](mailto:mtelizamailbox@bendigoadelaide.com.au)  
Web: [bendigobank.com.au/mt-eliza](http://bendigobank.com.au/mt-eliza)

Franchisee: Mt Eliza Community Enterprise Limited  
ABN: 18 139 499 326  
PO Box 307  
Mt Eliza VIC 3930  
Phone: 0407 560 586  
Email: [secretary@mece.com.au](mailto:secretary@mece.com.au)

Share Registry:  
AFS & Associates Pty Ltd  
PO Box 454, Bendigo VIC 3552  
Phone: 5443 0344  
Fax: 5443 5304  
Email: [shareregistry@afsbendigo.com.au](mailto:shareregistry@afsbendigo.com.au)



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