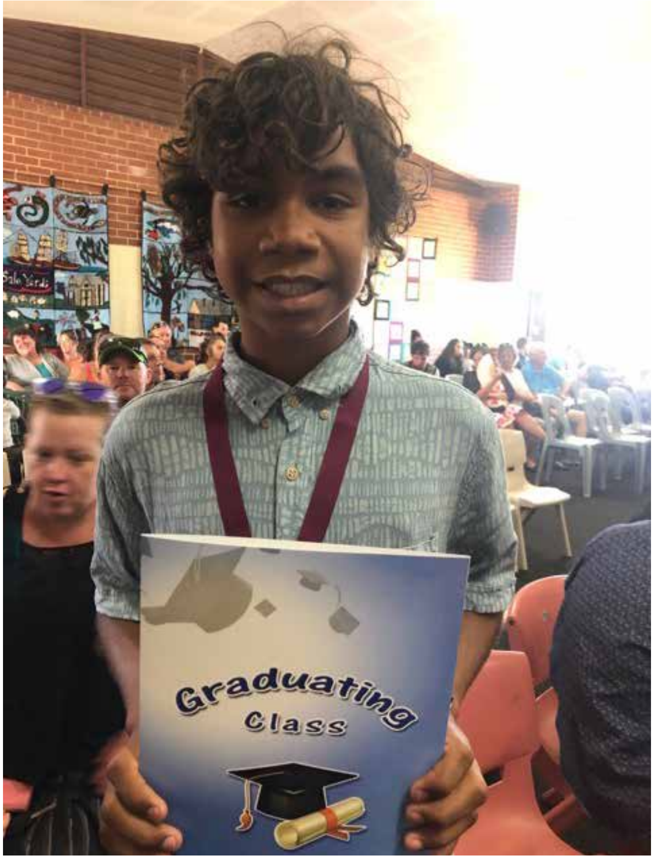
Annual Report 2020

Mundaring Community Financial Services Limited

Community Bank
Mundaring

ABN 63 097 289 677



Clayton View Primary School
2019 Bendigo Bank Endeavour Award Winner
-Todd Martin

Parkerville Primary School
2019 Bendigo Bank Endeavour Award Winner
-Madeline Bartlett

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Community Bank Director, Susan Gill at the 2019
West Coast Cowboys Championship Event

Community Bank Director, Fran Berry at the 2020
Gidgegannup CCN Event

Richard Stuart, James Saunders & Andrea Southam with members of the Wadumbah Aboriginal Dance Group
who facilitated a smoking ceremony at the opening of the Eastern Hill Senior High School's Reconcilation Garden.

Chairman's report

For year ending 30 June 2020

On behalf of the Board of Mundaring Community Financial Services Ltd I am pleased to present the 2020 Annual Report.

This year we all experienced the unexpected and unprecedented events of COVID-19. Within the context of this banking remained an essential service for our local and wider communities. During this period of uncertainty, your Board's focus was on providing a safe environment for our staff and customers whilst ensuring the continuity of local banking services.

We commend our staff for swiftly implementing hygiene and social distancing requirements into the branch operations to ensure the protection of our valued customers.

Our branch staff have continued their characteristic customer support focus while working hard through a year of change. Our new Manager, Justin Pires, has applied his enthusiasm and marketing expertise to re-energise the company's business growth strategy, aimed at bringing in new business to offset the continuing low margins that have eroded our traditional income stream.

Continuing tight margins reduced our revenue for the year, but this was offset by cost savings and the company also benefitted from a Federal Government cash flow boost payment of around $64,000. The overall result was a significantly increased after tax profit of $117,181 for the year.

Our community contributions increased to over $172,000 for the year, an increase of nearly $20,000 compared to 2018-19. Due to the Covid 19 situation the Board decided to postpone the planned raffle, instead placing emphasis on providing direct support to community organisations and individuals affected by Covid related hardship. Thanks are due to Andrea in our community office for her dedicated community support work in difficult times.

Finally, on behalf of the Board, I would like to thank all our Shareholders for their continuing support of the Company and our community. We look forward to you joining us at the AGM.

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Dr Richard Stuart
Chairman

Andrea, James & Richard at Eastern Hills Senior High School's Reconciliation Garden.

Bendigo and Adelaide Bank report

For year ending 30 June 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

Mark Cunneen

Head of Community Support
Bendigo and Adelaide Bank

Community Bank Mundaring Staff
Heidi, Leanne, Andrea, Justin, Andrea, Denise, Mariana, Penny & Taryn.

Manager's report

For year ending 30 June 2020

The past nine months taking over as Manager has been both very rewarding and fulfilling. It has been an absolute pleasure to work with such a down to Earth, caring team passionate about delivering a high standard of customer service. I see this every day and can say with 100% certainty that our existing and new customers strongly value our service standard as a major point of difference from our banking competitors – very well done to all our current staff members Denise, Leanne, Heidi, Penny, Taryn and Andi!

We have seen a very unusual period of time and witnessed varying effects of COVID on our local customer base. Foot traffic of approximately 4,000 transactions per month, dropping down to approximately 2,500 in April. Where customers weren't able to visit the branch, we tried to assist by maintaining direct contact as much as possible. However, it would be important to note that despite the COVID period we still noticed that there were always opportunities presenting themselves.

By the end of the year we were able to achieve a total growth of our book by $15.5M.

We are consistently opening anywhere around 100 new accounts per month. One of our focus areas into the new bank year is to capitalise on the full banking needs of every customer.

The sources of business contributing to the success over previous months and lead up to the end of financial year were home loans, equipment finance and business loans, consumer and business deposits and general insurance. Growth items such as these are key in our ability to feed back into the community, and I am very proud to have contributed to our board discussions that led to COVID relief donations to families, schools, clubs and associations who really needed the assistance. We were also able to play a key role in funding COVID relief packages to customers with home loans, and to help keep local businesses afloat during such unprecedented times.

Interestingly we are regularly winning business from competitors, as customers are seeking to bank with us with a clear aim being to gain a more personalised service with a strong brand reputation.

Penny & Justin with ladies from the Mundaring Anglican Parish Church with their donation to the National Bushfire Disaster Appeal.

Manager's report (continued)

We have had a staff member winning the Bendigo Peoples Award for the way they were able to assist a COVID affected business customer while being out on personal time. Our Mundaring branch also won the 'Branch of the month award' for May – one of our state's most coveted awards amongst branches. We also remain one of the top performing branches for consistently having conversations to ensure our customers wealth and assets are well protected.

Outside the branch we continue to build strong ties with local sporting clubs and associations such as the Mundaring Chamber of Commerce, Swan Chamber of Commerce, Swan Districts Football Club and Darlington Art and Sports Recreation Association. The events we have been able to plan and actively drive have boosted the brand awareness and led to a good uptake of queries inbound to the branch.

A big thank you to all our stakeholders for being a part of our business. It is an absolute pleasure to work with an actively involved, readily available supportive board of directors and I thank Richard, Fran, James, Peter, Ben, Susan and Susie as well as Andrea in our community office for the support and value they continue to display on a daily basis.

In summary I would like to emphasise that there is a huge untapped market in the local and surrounding area in the way of customers with banking relationships held elsewhere despite the fact that we are the only bank branch in the local area. My vision is for the Mundaring Community Bank Branch to be the number one preferred bank for the local surrounding area - for this we need your continued support, and I would greatly appreciate any discussions on how we can achieve this together.

Justin Pires
Branch Manager

New staff member, Andrea Schurmann, Justin Pires with Tyler, a winner of the Bin it to Win it Competion at a Swan Disticts Football game.

Denise Mateljan, celebrating 10 years of service with Community Bank, Mundaring..

Community Office report

For year ending 30 June 2020

We started the 2019/2020 year preparing for our 2nd community raffle which was a great success. There were 45 local non-sporting groups involved who sold nearly 17,000 tickets. Our $30,000 investment (covering the cost of prizes and running the raffle) was converted into $82,425 raised for the community, by the community. The major prize of $20,000 went to a local gentleman who purchased the ticket from Mt Helena Residents & Ratepayers at their Billy Cart Festival. Local, local, local! Two of the five minor prizes of $1,000 also went to local Hills residents. The raffle we had planned for early in 2020 was cancelled along with many other events due to COVID-19, but hopefully it will make a return in 2021.

Other highlights in the first half of the year include providing a freezer, and meat to fill it, for the Swan City Youth Service to feed hungry teenagers. We provided some home cooked food for the freezer and also contributed to a well-deserved Christmas dinner for them. We continue to support our local Primary Schools with sponsorship of the Hills Interschool Science Challenge as well as the Endeavour Award for a graduating Year 6 student at 13 primary schools. The Endeavour Award acknowledges a student that has a positive attitude, is an excellent role model, displays leadership qualities and is community orientated – just the type of young people we want to encourage in our community.

At the end of December after working together for six years, I had to bid farewell to my fellow community officer, Karen Beale, who left us to start her own business. Karen is missed, but we still see her around as she continues to contribute to our community.

Early in 2020, we again partnered with the Rotary Club of Mundaring and the Shire of Mundaring to bring the very successful Twilight Markets to the Hills. Other local events that we sponsored include the Hills Billy Cart Festival, Whim Festival, Bark in the Park, Tourism Workshop and Shire of Mundaring's Summer of Entertainment including Twilight Tunes and Cinema Under Starlight.

Heidi, Leanne, Andrea, Richard, Taryn, Fran & Justin at the 2020 Twilight Markets

Covid-19 Recovery Initiatives

We continue to work with the Mundaring Chamber of Commerce and were proud to support their 'Weir in Business' voucher book that encourages local community to support local business. Towards the end of the financial year, the Chamber's membership doubled which is partially attributable to our assistance as part of our special COVID Recovery Support initiative.

The impact of COVID-19 this year prompted us to focus on recovery support for our local community groups, and hardship support for struggling families affected by the pandemic.

We were able to assist community groups that were experiencing the added pressure of providing COVID related cleaning supplies as well as having to pay their full year costs whilst only receiving part year proceeds. Usual revenue streams and fund-raising strategies could not be implemented due to the restrictions of COVID-19 which prevented groups from purchasing much needed equipment. Some items we assisted with include an EFTPOS Card reader, till and associated software, hand sanitizer unit, temperature check machine, goal post pads and new signage to name a few.

Our hardship support has been the closest to my heart, we provided funds for prescription glasses so a young member could continue to play football and have subsidised fees for a few local people in order for them to stay connected to their respective clubs. My favourite would have to be the vouchers to spend at local grocery stores that we are supplying to struggling families. We are liaising with the local School Chaplains and School Staff to ensure this money gets to the people where it is needed most. We have received some heart-warming feedback for our support and feel fortunate that we are able to provide this assistance.

I am very grateful for the opportunity to work with, and support our community and look forward to a successful 2021.

A Southam

Andrea Southam
Executive Officer

Eastern Hills Master Football Club President, Richard York and Treasurer, Jamie Hogan receiving CoVid19 Recovery Support cheque from Andrea Southam, Executive Officer

Groups supported

2019 Community Raffle

Participants

1st Mundaring Scout Group
Bees 2 Honey
Chidlow Primary School
Chidlow Volunteer Bush Fire Brigade
Country Women's Association
Darlington Community Garden
Eastern Hills Guides & Scouts
Gidgegannup Small Farm Field Day
Glen Forrest Community Kindergarten
Glen Forrest Residents & Ratepayers
Hills Big Band
Hills Out of School Care
La Salle College
Mahogany Creek Progress Association
Mt Helena Residents & Ratepayers Association
Mundaring Historical Society
Mundaring Seniors
Parkerville Playgroup
Perth Hills & Wheatbelt Band
Sacred Heart Primary School
Swan Community Choir
Wheels
Youthcare

Participants

Azwahn Tribal Bellydance
Chidlow District RSL
Chidlow Progress Association
Clayton View Primary School
Darlington Arts Festival
Darlington Scout Group
Eastern Hills Senior High School
Glen Forrest Community Garden
Glen Forrest Primary School
Greenmount Primary School
Hills Choir
Katherine Susannah Pritchard Writers Centre
Little Possums
Mt Helena Playgroup
Mundaring Chamber of Commerce
Mundaring Primary School
Mundaring Woodturners
Parkerville Primary School
Rotary Club of Mundaring
Sawyers Valley Volunteer Bush Fire Brigade
West Gidgegannup Volunteer Bush Fire Brigade
Wooroloo Primary School

Paul Blain - $20,000 Winner of the Bendigo Bank 2019 Community Raffle

Groups supported (continued)

Sponsorships

Recipients	Contribution towards
Mundaring Chamber of Commerce	AGM
El Caballo Golf Club	Annual Open Day
Mundaring Christian College	Business Week
St Irenaeus Catholic Youth Apologetics	Youth Club
Darlington Sport & Recreation Association	Quiz Night
Swan City Youth Centre	Freezer
Sawyers Valley Primary School	Annual Science Challenge
Daniel Boros	Individual sponsorship
Sophie Horton	Individual sponsorship
Shire of Mundaring	Summer of community events
Swan Districts Football Club	Annual
Hills Rangers Football Club	Junior Club Person Award
Mundaring Chamber of Commerce	Tourism Workshop
Mt Helena Residents & Ratepayers	Pavement Art at Event
Hills Billy Cart Festival	Event sponsorship
Ronald McDonald House Charities	Event sponsorship
Darlington Sport & Recreation Association	Australia Day Concert
Sacred Heart Primary School	Safety House advertisement
Hills Rangers Football Club	Raffle Ticket printing
Darlington Primary School	Safety House advertisement
Hills Football Association	Umpires Uniforms
12 Local Primary Schools	Endeavour Award for graduating student
2 Local High Schools	Zero to Hero – Camp Hero participants
Mundaring Twilight Markets	Entertainment, Security, Marquee
Hills Rangers Football Club	Uniforms
Hills Football Association	Game Footballs
Darlington Arts Festival	Marquee for event
Community Enterprise Foundation	Bushfire Appeal
Rotary Exchange Students	MSWA support
Darlington and Sports Recreation Association	Australia Day Community Music Event
Mundaring Chamber of Commerce	Catering for AGM
Hills Education Network	Sponsorship of Interschool Science Quest
Darlington Chamber Music	Date stickers for signs
Street Smart	Advertising
Eastern Hills Senior High School	Reconciliation Garden
Perth Hills United Football Club	Uniforms

2019 Science Quest winners from Glen Forrest Primary School, with Bendigo Bank Mundaring's Executive Officer, Andrea Southam

Mundaring Tennis Club with their new Uniform Shirts.

COVID-19 Recovery Support

Recipients	Contribution towards
Swan View Football Club	Prescription glasses for young player
Rotary Club of Mundaring	Market signs
Gidgegannup Senior Football Club	Cleaning requirements
Mundaring Sporting Club	EFTPOS facility, till and software
Hills Rangers Football Club	Fee assistance for members
Mundaring Sporting Club	Fee assistance for members
Mundaring Chamber of Commerce	Fee assistance for members
Santos Judo Academy	Hardship assistance for members fees
Santos Judo Academy	Cleaning requirements
Chidlow Progress Association	Cleaning requirements
Gidgegannup Horse & Pony Club	Event sponsorship
Gidgegannup Recreation Club	Cleaning requirements
Darlington Junior Football Club	Goal Post Pads

Darlington Junior Football Club thanking us for their new goal post pads.

In-kind Support

Recipients	Provision of:
Blue Sky Festival	Printing, Provision of office space
Bush Bikers Cancer Ride	Printing
Camp Quality	Advertising
Chidlow & Districts RSL Sub Branch	Printing
Chidlow Progress Association	Desktop publishing, printing
Darlington Concerts	Tickets and sales
Darlington Sports & Recreation Assoc	EFTPOS facilities, printing, banner
Eastern Hills Senior High School	Event sponsorship
Essentials for Women	Printing, collection point
Friends of Lion Mill	Printing
Gidgegannup Small Farm Field Day	Marquee hire, printing
Glen Forrest Bowling Club	Printing
Helena Valley Primary School	EFTPOS facilities
Helena Valley Cricket Club	Signage
Hills Education Network	Bank vouchers and merchandise
Hills Horsepower – Riding for Disabled	Printing
Hills Raiders Basketball Club	Printing
Hills Rangers Football Club	Printing
Hills Symphony Orchestra	Printing, tickets and sales
Little Possums Daycare Inc	Office usage, printing
Lost Mundaring	Printing
Mount Helena Junior Football Club	Printing
Mount Helena Little Athletics	Printing
Mount Helena Playgroup & Community Kindy	Market stall, printing
Mount Helena Residents & Ratepayers	Desktop publishing, printing
Mount Helena Tennis Club	Desktop publishing, printing
Mount Helena Billy Cart Festival	Printing
Mundaring Bicentennial Sponsorship Trust	Printing
Mundaring Chamber of Commerce	Office space, printing, ticket sales, business cards
Mundaring Community Men's Shed	Desktop publishing, printing, business cards
Mundaring in Transition/Hills Sustainability Group	Office usage, printing, EFTPOS facilities
Mundaring Golf Club	Advertising
Mundaring Hills Open Studio	Advertising
Mundaring Netball Club	Printing
Mundaring Primary School P&C	EFTPOS facilities, printing, merchandise
Mundaring Seniors Incorporated	Desktop publishing, printing
Mundaring Senior Football Club	Printing
Mundaring Sporting Club	Advertising
Mundaring Tennis Club	Market Stall, Printing
Mundaring Toastmasters	Market Stall
Mundaring Woodturners	Market Stall, Printing
Octagon Art Group	EFTPOS facilities
Panthers Basketball Club	EFTPOS facilities, printing
Parkerville Netball Club	EFTPOS facilities
Rotary Club of Mundaring	Printing, desktop publishing, provision of business cards
Swan City Youth Centre	Food containers and Christmas Dinner
Swan Harmony Singers	Tickets and Programme Printing
Swan View Agricultural Show	Printing
The Essentials Collective	EFTOPOS facilities, Market Stall
The Hills Choir	Desktop publishing, market stall, printing, tickets and sales
WA Genealogy Society	Office usage
WA Police Department	Advertising
WA Practice Nurses Association	Desktop publishing, printing, EFTPOS facilities
WA Volunteer Fire & Rescue	Advertising
Wheels	Printing
Youthcare	Desktop publishing, printing

Directors' report

For the financial year ended 30 June 2020

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

Directors

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

Richard James Stuart | Non-Executive Director

Occupation: Consulting Engineer

Qualifications, experience and expertise: Dr Richard Stuart was born in the UK and spent part of his childhood in India. He was educated at the University of London, graduating with a BSC and PhD in engineering subjects. He has worked extensively across the world in the oil and gas industries, emigrating to Australia in 1993 and now lives in Mundaring. Richard is a Fellow of the Institute of Engineers (Australia).

Special responsibilities: Chairman, Member of Audit and Governance Committee.

Interest in shares: 500 ordinary shares

James Edward Saunders | Non-Executive Director

Occupation: Chartered Accountant

Qualifications, experience and expertise: James Saunders has extensive experience in corporate accounting and tax services. He has worked for PWC and RSM, where he had experience with tax, audit services and business consulting. He has been a past director of exploration drilling and geoscience companies and is a Director and Company Secretary of the Australian Prospectors and Miners Hall of Fame Foundation and Hall of Fame Ltd. James lives with his family in Darlington where his son was involved with cubs and is a Warden and member of the Darlington/Bellevue Anglican Parish Council.

Special responsibilities: Chair of Audit and Governance Committee, Member of Marketing Committee.

Interest in shares: 3,000 ordinary shares

Frances Jessica Berry | Non-Executive Director

Occupation: Business Owner / Corporate Trainer / Entrepreneur

Qualifications, experience and expertise: Fran is a community focused entrepreneur and has lived in the hills area for 15 years. She holds multiple degrees and has run her own businesses for over 30 years. Fran and her husband own and operate several hills-based businesses and are strong advocates for supporting local business and building a strong community now and for the future. Together they sponsor and run many local community events and community engagement projects. Qualifications include: MA - Applied Coaching with NLP, BA - Organisation Communication, AA - Performance Arts, NLP - Master Practitioner, Advanced Diploma of Professional Coaching, Diploma of Professional Coaching, Certificate of Coaching & NLP Supervision, Master Time Line Therapy, Master Coach - mBIT and holds Certifications in: Hypnotherapy, 3 Profiling Devices, Resilience and Trauma Response. Fran has 35 years of business experience. Fran is also a current Director for New Haven Pty Ltd (Trading as Alive & Kicking Solutions), Brewer Holdings (WA) Pty Ltd (Trading as The Chidlow Tavern), Bullseye Beef Jerky Pty Ltd and FBN Creations Pty Ltd (Trading as The Peak Performance Coaching Company).

Special responsibilities: Co-Vice Chair, Member of Marketing Sub-Committee.

Interest in shares: 1,000 ordinary shares

Directors (continued)

Peter Francis Hackett | Non-Executive Director

Occupation: Retired

Qualifications, experience and expertise: Peter Hackett is a retired electronics technician, having worked for Marconi Space and Defence Systems in the UK before emigrating to Kalgoorlie in 1981, where he worked at Western Mining Corporation. He has lived on the El Caballo Estate in Wooroloo with his wife since 1988. His interests are varied and include the Variety Club Charity Bash (25 years), Chidlow Progress Association Treasurer, and the Volunteer Bush Fire Brigades in Wooroloo and Inkpen. He also plays bass guitar in a number of local bands.

Special responsibilities: Member of Sponsorship Committee.

Interest in shares: 500 ordinary shares

Benjamin Peter Fillery | Non-Executive Director

Occupation: Business Development Manager

Qualifications, experience and expertise: Ben has over 18 years experience in the sales and marketing of mining components, and is currently employed as a Business Development Manager in the industry. He is a long term Hills resident who currently lives with his family in Parkerville. Ben enjoys swimming, horse riding and restoring vintage cars. Ben is a Life Member of the Mundaring Football Club.

Special responsibilities: Chair of Marketing and Sponsorship Committees.

Interest in shares: 100 ordinary shares

Susan Elisabeth Fox-Mooney | Non-Executive Director

Occupation: Tax Consultant

Qualifications, experience and expertise: Susie Fox-Mooney has lived in Perth Hills since she emigrated from the UK in 2005. She is a Member of the Glen Forrest and Mahogany Creek Residents & Ratepayers Association and was involved in the successful campaign to redevelop Morgan John Morgan Reserve. Susie is a mother to two children and a regular volunteer at Mundaring Christian College. Professionally, Susie started her career working for Sir Lawrence Airey, Chairman of the UK Inland Revenue Department. She has also worked for Price Waterhouse Coopers and was the Financial Controller for the London Branch of Petroleos De Venezuela (UK)SA, a national Venezuelan oil company. Currently employed by HR Block, Susie prepares small business and personal tax returns.

Special responsibilities: Co-Vice Chair, Member of Audit and Governance Committee.

Interest in shares: 100 ordinary shares

Susan Prentice Gill | Non-Executive Director

Occupation: Communications and Marketing Consultant

Qualifications, experience and expertise: Susan has extensive experience in public relations, marketing, place making and community and stakeholder engagement, with nearly 20 years' experience delivering some of Australia's highest profile redevelopment projects. Susan launched her own business, Integrity Communications and Consulting, in 2018 and now provides client focused communications, marketing and place management solutions. Susan was selected as one of the State's 40 top leaders to participate in the WA Signature Leadership Program in 2015 and achieved a Bachelor of Commerce with Distinction from Curtin University in 2001. Susan is an enthusiastic member of several local community boards and committees that are working to make the hills community a more vibrant and active place to live, work and visit. In her spare time, Susan enjoys riding and working with her horses on her property in Chidlow and enjoying the relaxed hills lifestyle with her husband. She is also a qualified Equine Therapist and Saddle Fitter.

Special responsibilities: Member of Sponsorship Committee.

Interest in shares: Nil

Directors (continued)

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

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

Company Secretary

The company secretary is James Saunders. James was appointed to the position of secretary on 6 November 2014.

Qualifications, Experience and expertise: James has extensive experience in corporate accounting and tax services, and has worked for PWC and RSM. He specialised in company advisory services, tax and auditing. He is also a Director and Company Secretary of the Hall of Fame Ltd the Trustee of the Australian Prospectors and Miners Hall of Fame Foundation.

Principal Activity

The principal activity 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 this activity during the year.

Operating results

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

Year ended 30 June 2020 $	Year ended 30 June 2019 $
117,181	3,316

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Richard James Stuart	500	–	500
James Edward Saunders	3,000	–	3,000
Frances Jessica Berry	1,000	-	1,000
Peter Francis Hackett	500	–	500
Benjamin Peter Fillery	100	–	100
Susan Elisabeth Fox-Mooney	100	–	100
Susan Prentice Gill	–	–	–

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

Dividends

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

Dividends (continued)

	Year ended 30 June 2020	
	Cents per share ¢	Total amount $
Final fully franked dividend	5	28,285
Total amount	5	28,285

New Accounting Standards implemented

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

See note 4 for further details.

Significant changes in the state of affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The relief support and uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended					
			Sponsorship		Audit & Governance		Marketing	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Richard James Stuart	10	10	–	–	3	3	8	7
James Edward Saunders	10	10	–	–	3	3	8	7
Frances Jessica Berry	10	8	–	–	–	–	8	7
Peter Francis Hackett	10	10	2	2	–	–	–	–
Benjamin Peter Fillery	10	10	2	2	–	–	8	7
Susan Elisabeth Fox-Mooney	10	4	–	–	3	1	8	3
Susan Prentice Gill	10	10	2	2	–	–	8	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*.

Non audit services

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

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

Signed in accordance with a resolution of the directors at Mundaring, Western Australia.

Richard James Stuart, Chair

Dated this 24th day of August 2020.

Directors and Staff at the Gala Dinner of the 2019 Bendigo State Conference

Auditor’s independence declaration

Partners in success

Chartered Accountants

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

Lead auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the directors of Mundaring Community Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 24 August 2020

Joshua Griffin
Lead Auditor

Financial statements

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

	Notes	2020 $	2019 $
Revenue from contracts with customers	8	1,380,853	1,485,569
Other revenue	9	100,337	36,412
Finance income	10	15,744	21,375
Employee benefit expenses	11e)	(845,257)	(1,024,585)
Charitable donations, sponsorship, advertising and promotion	11d)	(172,532)	(153,316)
Occupancy and associated costs		(63,771)	(137,644)
Systems costs		(28,546)	(28,877)
Depreciation and amortisation expense	11a)	(90,311)	(40,396)
Finance costs	11b)	(19,676)	–
General administration expenses		(132,127)	(152,634)
Profit before income tax expense		**144,714**	**5,904**
Income tax expense	12a)	(27,533)	(2,588)
Profit after income tax expense		**117,181**	**3,316**
Total comprehensive income for the year attributable to the ordinary shareholders of the company		**117,181**	**3,316**
Earnings per share		**¢**	**¢**
Basic and diluted earnings per share	30a)	20.71	0.59

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	13a)	1,127,459	1,034,296
Trade and other receivables	14a)	108,204	162,861
Total Current Assets		**1,235,663**	**1,197,157**
Non-Current Assets			
Property, plant and equipment	15a)	33,446	62,458
Right-of-use assets	16a)	725,170	–
Intangible assets	17a)	17,709	28,906
Deferred tax asset	18a)	73,237	72,531
Total Non-Current Assets		**849,562**	**163,895**
Total Assets		**2,085,225**	**1,361,052**
LIABILITIES			
Current Liabilities			
Trade and other payables	19a)	90,489	112,937
Lease liabilities	20b)	42,584	–
Employee benefits	22a)	99,967	160,764
Total Current Liabilities		**233,040**	**273,701**
Non-Current Liabilities			
Trade and other payables	19b)	–	13,118
Lease liabilities	20c)	752,674	–
Employee benefits	22b)	9,002	21,423
Provisions	21a)	23,247	–
Total Non-Current Liabilities		**784,923**	**34,541**
Total Liabilities		**1,017,963**	**308,242**
Net Assets		**1,067,262**	**1,052,810**
EQUITY			
Issued capital	23a)	559,585	559,585
Retained earnings	24	507,677	493,225
Total Equity		**1,067,262**	**1,052,810**

The accompanying notes form part of these financial statements.

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

	Notes	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2018		559,585	518,194	1,077,779
Total comprehensive income for the year		–	3,316	3,316
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	–	(28,285)	(28,285)
Balance at 30 June 2019		**559,585**	**493,225**	**1,052,810**
Balance at 1 July 2019		559,585	493,225	1,052,810
Effect of AASB 16: Leases	3d)	–	(74,444)	(74,444)
Restated balance at 1 July 2019		559,585	418,781	978,366
Total comprehensive income for the year		–	117,181	117,181
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	–	(28,285)	(28,285)
Balance at 30 June 2020		**559,585**	**507,677**	**1,067,262**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,566,185	1,669,665
Payments to suppliers and employees		(1,361,187)	(1,648,844)
Interest received		8,691	27,400
Lease payments (interest component)	11b)	(18,196)	–
Lease payments not included in the measurement of lease liabilities	11f)	(9,218)	–
Net cash provided by operating activities	25	**186,275**	**48,221**
Cash flows from investing activities			
Payments for property, plant and equipment		(3,124)	(4,374)
Proceeds from sale of property, plant and equipment		19,000	–
Payments for intangible assets		(11,925)	(11,925)
Repayment of loan		–	5,000
Net cash provided by/(used in) investing activities		**3,951**	**(11,299)**
Cash flows from financing activities			
Lease payments (principal component)	20a)	(68,778)	–
Dividends paid	29a)	(28,285)	(33,942)
Net cash used in financing activities		**(97,063)**	**(33,942)**
Net cash increase in cash held		**93,163**	**2,980**
Cash and cash equivalents at the beginning of the financial year		1,034,296	1,031,316
Cash and cash equivalents at the end of the financial year	13a)	**1,127,459**	**1,034,296**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2020

Note 1. Reporting entity

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

Registered Office	Principal Place of Business
6945 Great Eastern Highway	6945 Great Eastern Highway
Mundaring WA 6073	Mundaring WA 6073

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 28.

Note 2. Basis of preparation and statement of compliance

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

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

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

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 24 August 2020.

Note 3. Changes in accounting policies, standards and interpretations

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

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

a) Definition of a lease

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

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases.

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

a) Definition of a lease (continued)

Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

b) As a lessee

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

Leases classified as operating leases under AASB 117

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

Right-of-use assets are measured at either:

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

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

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

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

c) As a lessor

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

d) Impact on financial statements

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

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

d) Impact on financial statements (continued)

Impact on equity presented as increase (decrease)	Notes	1 July 2019 $
Asset		
Right-of-use assets - land and buildings	16b)	109,573
Deferred tax asset	18a)	28,238
Liability		
Lease liabilities	20a)	(167,886)
Provision for make-good	21b)	(44,369)
Equity		
Retained earnings		(74,444)

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

Lease liabilities reconciliation on transition	
Operating lease disclosure as at June 2019	190,119
Less: AASB 117 lease commitments reconciliation	(7,121)
Less: additional options now not expected to be exercised	(5,826)
Less: present value discounting	(9,286)
Lease liability as at 1 July 2019	**167,886**

Note 4. Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

Note 4. Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

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 that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

b) Other revenue

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

Revenue	Revenue recognition policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

Note 4. Summary of significant accounting policies (continued)

b) Other revenue (continued)

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

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliable estimated.

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.

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

Other long-term employee benefits

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

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

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

e) Taxes

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

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

Current income tax

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

Deferred tax

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

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

Deferred tax is not recognised for:

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

The company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set

Note 4. Summary of significant accounting policies (continued)

e) Taxes (continued)

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

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

Recognition and measurement

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

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

Subsequent expenditure

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

Depreciation

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	5 to 8 years
Furniture, fixtures and fittings	Diminishing value	3 to 5 years
Motor vehicles	Diminishing value	5 years

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

Note 4. Summary of significant accounting policies (continued)

h) Intangible assets

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

Recognition and measurement

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

Subsequent expenditure

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

Amortisation

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

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

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

i) Financial instruments

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

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

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

Recognition and initial measurement

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

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

Note 4. Summary of significant accounting policies (continued)

i) Financial instruments (continued)

Classification and subsequent measurement

Financial assets

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

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

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

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

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

Financial assets - business model assessment

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

Financial assets - subsequent measurement and gains and losses

Financial assets at amortised cost

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

Financial liabilities - classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Financial liabilities

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

Note 4. Summary of significant accounting policies (continued)

i) Financial instruments (continued)

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

Offsetting

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

j) Impairment

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

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

Loss allowance is not recognised for:

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

ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

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

This approach is applicable to:

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

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

<u>Recognition of expected credit losses in financial statements</u>

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

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

Non-financial assets

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

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

k) Issued capital

Ordinary shares

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs

Note 4. Summary of significant accounting policies (continued)

k) Issued capital (continued)

arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

l) Provisions

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

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

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

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

m) Leases

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

Policy applicable from 1 July 2019

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

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

<u>As a lessee</u>

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

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

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.

Note 4. Summary of significant accounting policies (continued)

m) Leases (continued)

Lease payments included in the measurement of the lease liability comprise the following:

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

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

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

Short-term leases and leases of low-value assets

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

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

As a lessor

The company is not a party in an arrangement where it is a lessor.

Policy applicable before 1 July 2019

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

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

As a lessee

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

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

m) Leases (continued)

As a lessor

The company has not been a party in an arrangement where it is a lessor.

n) Standards issued but not yet effective

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

Note 5. Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

Note	Judgement
Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;
Note 20 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: • the amount; • the lease term; • economic environment; and • other relevant factors.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

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

b) Assumptions and estimation uncertainties (continued)

Note	Assumption
Note 8 - revenue recognition	estimate of expected returns;
Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
Note 22 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6. Financial risk management

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

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

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

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

a) Credit risk

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

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

b) Liquidity risk

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

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

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

Note 6. Financial risk management (continued)

30 June 2020	Contractual cash flows			
Non-derivative financial liability	**Carrying amount**	**Not later than 12 months**	**Between 12 months and 5 years**	**Greater than 5 years**
Lease liabilities	795,258	69,953	205,613	856,722
Trade payables	11,560	11,560	–	–
	806,818	81,513	205,613	856,722

30 June 2019	Contractual cash flows			
Non-derivative financial liability	**Carrying amount**	**Not later than 12 months**	**Between 12 months and 5 years**	**Greater than 5 years**
Trade payables	5,490	5,490	–	–
	5,490	5,490	–	–

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets 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 $1,127,459 at 30 June 2020 (2019: $1,034,296). The cash and cash equivalents are held with BEN, which are rated BBB on Standard & Poor's credit ratings.

Note 7. Capital management

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

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

The distribution limit is the greater of:

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

	2020	2019
	$	$

Note 7. Capital management (continued)

c) Market risk (continued)

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

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

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

Note 8. Revenue from contracts with customers

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

	2020 $	2019 $
Revenue from contracts with customers		
Revenue:		
- Revenue from contracts with customers	1,380,853	1,485,569
	1,380,853	**1,485,569**
Disaggregation of revenue from contracts with customers		
At a point in time:		
- Margin income	1,164,020	1,266,263
- Fee income	111,710	112,480
- Commission income	105,123	106,826
	1,380,853	**1,485,569**

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

Note 9. Other revenue

The company generates other sources of revenue from discretionary contributions received from the franchisor and the cash flow boost from the Australian Government.

	2020 $	2019 $
Revenue:		
Market development fund income	10,000	10,000
Cash flow boost	62,500	-
Gain on disposal of property, plant and equipment	8,529	-
Other income	19,308	26,412
	100,337	**36,412**

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

	2020	2019
	$	$

Note 10. Finance income

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

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

	2020 $	2019 $
Finance income		
At amortised cost:		
- Term deposits	15,744	21,375
	15,744	**21,375**

Note 11. Expenses

a) Depreciation and amortisation expense

	2020 $	2019 $
Depreciation of non-current assets:		
- Leasehold improvements	14,220	14,291
- Plant and equipment	4,247	6,820
- Motor vehicles	2,696	8,088
	21,163	**29,199**
Depreciation of right-of-use assets		
- Leased land and buildings	57,951	–
	57,951	**–**
Amortisation of intangible assets:		
- Franchise fee	2,244	2,244
- Franchise renewal process fee	8,953	8,953
	11,197	**11,197**
Total depreciation and amortisation expense	**90,311**	**40,396**

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

b) Finance costs

	Note	2020 $	2019 $
Finance costs:	**Note**		
- Lease interest expense	20(a)	18,195	**–**
- Unwinding of make-good provision		1,481	**–**
		19,676	**–**

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

	2020 $	2019 $

Note 11. Expenses (continued)

c) Impairment loss on trade receivables and contract assets

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

d) Charitable donations, sponsorship, advertising and promotion

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

	2020 $	2019 $
- Direct sponsorship, advertising, and promotion payments	172,532	153,316
	172,532	**153,316**

e) Employee benefit expenses

	2020 $	2019 $
Wages and salaries	711,844	829,861
Non-cash benefits	6,225	6,839
Contributions to defined contribution plans	66,044	82,074
Expenses related to long service leave	(16,597)	18,502
Other expenses	77,741	87,309
	845,257	**1,024,585**

f) Recognition exemption

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

	2020 $	2019 $
Expenses relating to low-value leases	9,218	–
	9,218	–

Expenses relating to leases exempt from recognition are included in systems costs.

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

Note 12. Income tax expense

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

	2020	2019
	$	$

Note 12. Income tax expense (continued)

a) Amounts recognised in profit or loss

Current tax expense		
Recoupment of prior year tax losses	–	10,188
Future income tax benefit attributable to losses	(2,866)	–
Movement in deferred tax	(2,064)	(7,600)
Adjustment to deferred tax on AASB 16 retrospective application	28,238	–
Adjustment to deferred tax to reflect reduction in tax rate in future periods	4,225	–
	27,533	**2,588**

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%. This change resulted in a loss of $4,225 related to the remeasurement of deferred tax assets and liabilities of the company.

b) Prima facie income tax reconciliation

Operating profit before taxation	144,714	5,904
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	39,796	1,624
Tax effect of:		
- Non-deductible expenses	699	964
- Temporary differences	(26,173)	7,600
- Other assessable income	(17,188)	–
- Movement in deferred tax	(2,064)	(7,600)
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	4,225	–
- Leases initial recognition	28,238	–
	27,533	**2,588**

Note 13. Cash and cash equivalents

a) Cash and cash equivalents

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

Cash at bank and on hand	217,459	142,269
Term deposits	910,000	892,027
	1,127,459	**1,034,296**

	2020 $	2019 $

Note 14. Trade and other receivables

a) Current assets

	2020 $	2019 $
Trade receivables	92,939	112,942
Prepayments	8,116	24,823
Other receivables and accruals	7,149	25,096
	108,204	**162,861**

Note 15. Property, plant and equipment

a) Carrying amounts

	2020 $	2019 $
Leasehold improvements		
At cost	206,374	204,875
Less: accumulated depreciation	(178,239)	(164,019)
	28,135	**40,856**
Plant and equipment		
At cost	251,668	250,588
Less: accumulated depreciation	(246,357)	(242,154)
	5,311	**8,434**
Motor vehicles		
At cost	–	40,430
Less: accumulated depreciation	–	(27,262)
	–	**13,168**
Total written down amount	**33,446**	**62,458**

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

b) Reconciliation of carrying amounts

	2020 $	2019 $
Leasehold improvements		
Carrying amount at beginning	40,856	55,146
Additions	1,499	–
Depreciation	(14,220)	(14,290)
Carrying amount at end	**28,135**	**40,856**

		2020 $	2019 $

Note 15. Property, plant and equipment (continued)

b) Reconciliation of carrying amounts (continued)

	2020 $	2019 $
Plant and equipment		
Carrying amount at beginning	8,434	10,881
Additions	1,625	4,373
Disposals	(501)	–
Depreciation	(4,247)	(6,820)
Carrying amount at end	**5,311**	**8,434**
Motor vehicles		
Carrying amount at beginning	13,168	21,256
Disposals	(10,472)	–
Depreciation	(2,696)	(8,088)
Carrying amount at end	**–**	**13,168**
Total written down amount	**33,446**	**62,458**

c) Changes in estimates

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

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

Note 16. Right-of-use assets

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

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

a) Carrying amounts

	2020 $	2019 $
Leased land and buildings		
At cost	1,467,385	–
Less: accumulated depreciation	(742,215)	–
Total written down amount	**725,170**	**–**

b) Reconciliation of carrying amounts

Leased land and buildings	**Note**	2020 $	2019 $
Carrying amount at beginning		–	–
Initial recognition on transition	3d)	793,837	–
Accumulated depreciation on adoption	3d)	(684,264)	–
Remeasurement adjustments		673,548	–
Depreciation		(57,951)	–
Total written down amount		**725,170**	**–**

	2020	2019
	$	$

Note 17. Intangible assets

a) Carrying amounts

Franchise fee		
At cost	161,192	161,192
Less: accumulated amortisation	(157,664)	(155,420)
	3,528	**5,772**
Franchise renewal process fee		
At cost	44,769	44,769
Less: accumulated amortisation	(30,588)	(21,635)
	14,181	**23,134**
Total written down amount	**17,709**	**28,906**

b) Reconciliation of carrying amounts

Franchise fee		
Carrying amount at beginning	5,772	8,016
Amortisation	(2,244)	(2,244)
Carrying amount at end	**3,528**	**5,772**
Franchise renewal process fee		
Carrying amount at beginning	23,134	32,086
Amortisation	(8,953)	(8,953)
Carrying amount at end	**14,181**	**23,134**
Total written down amount	**17,709**	**28,906**

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) Deferred tax

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

	2020	2019
	$	$

Note 18. Tax assets and liabilities (continued)

a) Deferred tax (continued)

	30 June 2019	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	30 June 2020
Deferred tax assets	**$**	**$**	**$**	**$**	**$**
- expense accruals	877	(19)	–	–	858
- employee provisions	50,101	(21,769)	–	–	28,332
- make-good provision	–	(6,157)	–	12,201	6,044
- lease liability	–	160,598	–	46,169	206,767
- carried-forward tax losses	29,219	1,116	–	–	30,335
Total deferred tax assets	**80,197**	**133,769**	–	**58,370**	**272,336**
Deferred tax liabilities					
- income accruals	27	1,832	–	–	1,859
- property, plant and equipment	7,639	1,057	–	–	8,696
- right-of-use assets	-	158,411	–	30,133	188,544
Total deferred tax liabilities	**7,666**	**161,300**	–	**30,133**	**199,099**
Net deferred tax assets / (liabilities)	**72,531**	**(27,532)**	–	**28,238**	**73,237**

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

	30 June 2018	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	30 June 2019
Deferred tax assets	**$**	**$**	**$**	**$**	**$**
- expense accruals	796	81	–	–	877
- employee provisions	46,980	3,121	–	–	50,101
- carried-forward tax losses	39,406	(10,187)	–	–	29,219
Total deferred tax assets	**87,182**	**(6,985)**	–	–	**80,197**
Deferred tax liabilities					
- income accruals	1,683	(1,656)	–	–	27
- property, plant and equipment	10,379	(2,740)	–	–	7,639
Total deferred tax liabilities	**12,062**	**(4,396)**	–	–	**7,666**
Net deferred tax assets / (liabilities)	**75,120**	**(2,589)**	–	–	**72,531**

	2020	2019
	$	$

Note 18. Tax assets and liabilities (continued)

b) Uncertainty over income tax treatments

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

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

Note 19. Trade creditors and other payables

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

a) Current liabilities

	2020 $	2019 $
Trade creditors	11,560	5,490
Other creditors and accruals	78,929	107,447
Carrying amount at end	**90,489**	**112,937**

b) Non-current liabilities

	2020 $	2019 $
Other creditors and accruals	–	13,118
	–	**13,118**

Note 20. Lease liabilities

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

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

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

Lease portfolio

The company's lease portfolio includes:

Mundaring branch	The lease agreement is a non-cancellable lease with an initial term of seven years and 3 months which commenced 1 December 2019. The lease has three further five year extension options available.
Corporate Office	The lease agreement is a non-cancellable lease with an initial term of three years which commenced 17 January 2012. An extension option term of three years was exercised in 2015 and 2018. The lease is in its final renewal period.

	2020	2019
	$	$

Note 20. Lease liabilities (continued)

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

a) Lease liability measurement

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

Lease liabilities on transition	**Note**		
Balance at the beginning (finance lease liabilities)		–	–
Initial recognition on AASB 16 transition	3d)	167,886	–
Remeasurement adjustments		696,150	–
Lease payments - interest		18,196	–
Lease payments		(86,974)	–
		795,258	–

b) Current lease liabilities

Property lease liabilities	69,953	–
Unexpired interest	(27,369)	–
	42,584	–

c) Non-current lease liabilities

Property lease liabilities	1,062,335	–
Unexpired interest	(309,661)	–
	752,674	–

d) Maturity analysis

Not later than 12 months	69,953	–
Between 12 months and 5 years	205,613	–
Greater than 5 years	856,722	–
Total undiscounted lease payments	**1,132,288**	**–**
Unexpired interest	(337,030)	–
Present value of lease liabilities	**795,258**	**–**

e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments

	2020	2019
	$	$

Note 20. Lease liabilities (continued)

e) Impact on the current reporting period (continued)

and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is an increase in profit after tax of $6,776.

	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
Profit or loss - increase/(decrease) in expenses			
Occupancy and associated costs	86,974	(86,974)	–
Depreciation and amortisation expense	–	57,951	57,951
Finance costs	–	19,676	19,676
Decrease in expenses - before tax	**86,974**	**(9,347)**	**77,627**
Income tax expense / (credit) - current	(23,918)	23,918	–
Income tax expense / (credit) - deferred	–	(21,347)	(21,347)
Decrease in expenses - after tax	**63,056**	**(6,776)**	**56,280**

Note 21. Provisions

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

a) Non-current liabilities

Make-good on leased premises	23,247	–
	23,247	–

b) Make-good provision

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term.

The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process.

Provision	**Note**		
Balance at the beginning		–	–
Face-value of make-good costs recognised	3d)	50,000	–
Present value discounting	3d)	(5,632)	–
Present value unwinding		1,481	–
Provision remeasurements		(22,602)	–
		23,247	–

	2020	2019
	$	$

Note 21. Provisions (continued)

c) Changes in estimates

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

In addition, during the financial year, the company has re-assessed the estimates and assumptions. The company has prepared further detailed estimates of the expected future costs, the discount rate used in recognising the present value, and the passage of time until settlement has now been extended following the reasonable expectation of exercising an additional lease option.

The lease is due to expire on 28 February 2042 at which time it is expected the face-value costs to restore the premises will fall due.

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

	2020	**2021**	**2022**	**2023**	**2024+**
Profit or loss	**$**	**$**	**$**	**$**	**$**
Expense:					
- Finance costs	1,481	836	867	898	24,153
Liability:					
- Make-good provision	23,247	24,083	24,950	25,847	50,000

Note 22. Employee benefits

a) Current liabilities

Provision for annual leave	45,581	48,605
Provision for long service leave	54,386	112,159
	99,967	**160,764**

b) Non-current liabilities

Provision for long service leave	9,002	21,423
	9,002	**21,423**

c) Key judgement and assumptions

Employee attrition rates

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

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

	2020	2019
	$	$

Note 23. Issued capital

a) Issued capital

565,700 ordinary shares - fully paid (2019: 565,700)	565,700	565,700
Less: equity raising costs	(6,115)	(6,115)
	559,585	**559,585**

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 600. As at the date of this report, the company had 633 shareholders (2019: 636 shareholders).

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

	2020	2019
	$	$

Note 23. Issued capital (continued)

b) Rights attached to issued capital (continued)

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

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

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

Note 24. Retained earnings

	Note	2020 $	2019 $
Balance at beginning of reporting period		493,225	518,194
Adjustment for transition to AASB 16	3d)	(74,444)	-
Net profit after tax from ordinary activities		117,181	3,316
Dividends provided for or paid	29a)	(28,285)	(28,285)
Balance at end of reporting period		**507,677**	**493,225**

Note 25. Reconciliation of cash flows from operating activities

	2020 $	2019 $
Net profit after tax from ordinary activities	117,181	3,316
Adjustments for:		
- Depreciation	79,114	29,199
- Amortisation	11,197	11,197
- (Profit)/loss on disposal of non-current assets	(8,028)	–
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	54,657	932
- (Increase)/decrease in other assets	27,533	2,588
- Increase/(decrease) in trade and other payables	(23,641)	(10,361)
- Increase/(decrease) in employee benefits	(73,218)	11,350
- Increase/(decrease) in provisions	1,480	–
Net cash flows provided by operating activities	**186,275**	**48,221**

		2020	2019
		$	$

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.

	Note	2020 $	2019 $
Financial assets			
Trade and other receivables	14	100,088	138,038
Cash and cash equivalents	13	217,459	142,269
Term deposits	13	910,000	892,027
		1,227,547	**1,172,334**
Financial liabilities			
Trade and other payables	19	11,560	5,490
Lease liabilities	20	795,258	–
		806,818	**5,490**

Note 27. Auditor's remuneration

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.

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

	2020 $	2019 $
Audit and review services		
- Audit and review of financial statements	4,800	4,600
	4,800	**4,600**
Non audit services		
- Taxation advice and tax compliance services	600	600
- General advisory services	3,680	2,030
- Share registry services	6,859	6,713
	11,139	**9,343**
Total auditor's remuneration	**15,939**	**13,943**

	2020	2019
	$	$

Note 28. Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Richard James Stuart
James Edward Saunders
Frances Jessica Berry
Peter Francis Hackett
Benjamin Peter Fillery
Susan Elisabeth Fox-Mooney
Susan Prentice Gill

b) Key management personnel compensation

Key management personnel compensation comprised the following.

	2020	2019
Short-term employee benefits	16,000	16,835
	16,000	**16,835**

Compensation of the company's key management personnel includes salaries.

c) Related party transactions

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

	2020	2019
Transactions with related parties		
- The company used the accounting services of one of its directors in relation to Jeasdel Pty Ltd. The total benefit received was:	2,227	2,900
- Peter Hackett provided testing and tagging for both Branch and Corporate Office.	270	–
Total transactions with related parties	**2,497**	**2,900**

Community bank Directors' Privileges Package

The board has adopted the Community Bank Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the Community bank. There is no requirement to own Bendigo Bank shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo Bank shareholders. The total benefits received by the directors from the Directors' Privilege Package are $2,117 for the year ended 30 June 2020 (2019: $2,799).

Note 29. Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	2020	2019
	$	$

Note 29. Dividends provided for or paid (continued)

a) Dividends provided for and paid during the period (continued)

	30 June 2020		30 June 2019	
	Cents	**$**	**Cents**	**$**
Fully franked dividend	5.00	28,285	6.00	33,942
Total dividends paid during the financial year	**5.00**	**28,285**	**6.00**	**33,942**

The tax rate at which dividends have been franked is 27.5% (2019: 27.5%).

b) Franking account balance

Key management personnel compensation comprised the following.

	2020 $	2019 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	416,005	428,880
Franking transactions during the financial year:		
- Franking debits from the payment of franked distributions	(10,729)	(12,875)
Franking account balance at the end of the financial year	**405,276**	**416,005**
Franking credits available for future reporting periods	**405,276**	**416,005**

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

Note 30. Earnings per share

a) Basic and diluted earnings per share

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

	2020 $	2019 $
Profit attributable to ordinary shareholders	117,181	3,316

	Number	
Weighted-average number of ordinary shares	565,700	565,700

	Cents	
Basic and diluted earnings per share	20.71	0.59

	2020 $	2019 $

Note 31. Commitments

a) Lease commitments

Following the adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can be found in 'Lease liabilities' (Note 20).

	2020 $	2019 $
Operating lease commitments - lessee		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 12 months	–	88,338
- between 12 months and 5 years	–	101,781
Minimum lease payments payable	–	**190,119**

b) Other commitments

The company did not have any community groups expenditure commitments contracted for, but not provided for in the financial statements, (2019: $38,000).

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 Mundaring Community Financial Services Limited, we state that:

In the opinion of the directors:

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

- (i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
- (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

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

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

Richard James Stuart, Chair

Dated this 24th day of August 2020

Independent audit report

AFS
Partners in success
Chartered Accountants
61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Independent auditor's report to the members of Mundaring Community Financial Services Limited

Report on the audit of the financial report

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

i. giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

What we have audited
Mundaring Community Financial Services Limited's (the company) financial report comprises the:

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

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

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

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

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

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

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 24 August 2020

Joshua Griffin
Lead Auditor

Community Bank - Mundaring
6945 Great Eastern Highway,
Mundaring WA 6073
Phone: 9295 0744 Fax: 9295 2798
Email: mailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/mundaring

Franchisee: Mundaring Community Financial Services Limited
ABN: 63 097 289 677
6895 Great Eastern Highway,
Mundaring WA 6073
Phone: 9295 6411
Email: mcfs@mundaringcommunitybank.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

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Bendigo Bank

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