

Annual Report 2021

Mundaring Community
Financial Services Limited

Community Bank
Mundaring

ABN 63 097 289 677

I MY COMMUNITY



 Bendigo Bank

Community Bank
Mundaring

Mundaring Chamber of Commerce Sundowner
MCC Committee member; Karen Mummery, Andrea Southam, MCC Executive Officer; Michelle Garvin



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Chairman's report

For the year ending 30 June 2021

On behalf of the Board of Mundaring Community Financial Services Ltd I am pleased to present the 2021 Annual Report.

We find ourselves in a second year of the ongoing effects of COVID, with some hope that we'll soon see the light at the end of the tunnel. Regardless, as with this time last year, the Board and branch team focussed on operating safely for all the staff and our Customers. In the meantime, banking is still an essential service in communities and our branch has continued to operate albeit with some changes that now seem to be the norm for the foreseeable future.

We thank the staff and our valued Customers for continuing to operate within the COVID health guidelines including social distancing within the branch.

In addition to the ongoing influence of COVID, so many of our community members have been affected by the significant bushfire event that occurred this year. It has been encouraging to see the community rally around and support those impacted, with support from local organisations including the branch and new entities created after the Parkerville fire.

Even with the range of support packages and continued financial support offered by both Bendigo Bank and the government, the Community Bank has still performed well this financial year.

Since last year's report, we continue to hear positive comments regarding the branch staff's customer service. This is commendable and reassuring given the current global situation and changes within the branch over this time. At the time of writing this update, we are in the process of recruiting a Branch Manager and new team members for the branch.

The Board has also been seeking new members to replace former Directors who have stepped down to seek new opportunities and look after other businesses during the current global situation.

The last year's performance in business growth has been heartening to see in areas which will, in time, be generating a larger income stream than the more historic areas focussed on for the branch.



Flowers for a job well done!

Duncan Pratt, Susie Fox-Mooney, Denise Mateljan, Jenny Vo, Andrea Southam, Vanessa Saunders, Tanisha Wright

Chairman's report (continued)

A quick summary of the branch results this financial year are that:

Deposit accounts have grown by 254, a similar rate to the 2020 financial year.

Customer numbers have grown by 64 from last year.

The overall book value for deposits and loans has increased by \$21.9M.

The above results are very pleasing to see in what could best be described as a challenging year.

Whilst the historically low interest rates have eroded margins, it has driven business in areas where the branch has not typically seen much opportunity.

The company has seen some continued cost savings this year and whilst our profit is down on last year's result, we are still showing a profit after tax in excess of \$47K after our community contributions have been taken into account. We have also maintained last year's dividend for our Shareholders. Since the company's inception we have now, as a result of our valued customers, been able to return over \$2.3 million dollars back to the community that drives and supports us.

The raffle was once again a huge success for the community with \$123,280 raised for community groups through the sale of raffle tickets.

The branch staff deserve a huge thank you for their hard work and commitment given everything they have gone through over the last year. We have all had to deal with some significant changes in how we deal with personal interaction and they are the public face of the organisation.

As always, Andrea in our community office continues to deserve a huge thank you for her ongoing work. Whilst most people in the community will know her, she is very involved in the community in a far less overt but no less important manner than the branch staff.

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



Duncan Pratt

Chairman

A handwritten signature in blue ink that reads "Duncan Pratt". The signature is written in a cursive style.

Bendigo & Adelaide Bank report

For the year ending 30 June 2021

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

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

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

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

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

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

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

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

Collin Brady

Head of Community Development





Community Bank Mundaring staff – May 2021
Denise Mateljan, Laura Frost, Vanessa Saunders, Jenny Vo, Penny Frost and Andrea Southam



Bushfire Recovery Dinner and Update #4
Rochelle Werrett, Peter Hackett, Andrea Southam, Guest speaker; Mike Scott from Bushfire Prone Planning, and James Saunders

Community Office report

For the year ending 30 June 2021

This year we continued our support of community groups and families suffering from the financial effects of COVID-19. This mainly involved cash support to clubs unable to implement their usual fundraising strategies.

The support we offered included COVID related cleaning supplies and other much-needed equipment. Our Hardship support to local people also continued and we finished off the year having helped families with \$10,000 worth of groceries through the provision of vouchers arranged with local store holders.

In addition, we provided assistance to the following groups and events:

- Parky Care for support of their new Young Mums Community Space programme. This programme aims to create a safe and inviting community space for Mums, Grandmothers and stay at home Dads to meet for social connection to improve self

confidence in parenting and build mental health resilience.

- A Day in the Forrest,
- Australia Day Music Gig,
- The Hills Choir free end of year concert,
- a Community Event to replace Whim/Billy Cart Festival and
- the launch of the new Eastern Hills Business Network.
- the Rotary Club of Mundaring and the Shire of Mundaring in the arrangements of the Twilight Markets which were unfortunately cancelled due to a COVID shutdown.

We continue to work with the Mundaring Chamber of Commerce and this year were proud to support their Work Ready Certificate program and AGM.



Mundaring Chamber of Commerce Sundowner

Andrea Southam, Justin Pires, Mt Helena Tavern owner; Dannyel Broadbent and Bendigo Bank State Manager; Joe Faraone

Community Office report (continued)

We maintained our support of education during the year by sponsoring the annual Hills Interschool Science Challenge, the Year 6 Endeavour Awards for our 13 local Primary Schools, and the Dux Award for Swan View Senior High School.

It's been wonderful to assist the Community Gardens in Chidlow and Darlington who have both incorporated a railway carriage into their garden. I look forward to seeing these gardens come to fruition.

Our third Bendigo Community Raffle was drawn in early June 2021 and was an enormous success which involved a significant component of the Hills Community where:

- over 70 community groups participated in selling tickets this year,
- nearly 25,000 tickets were sold raising over \$123,000 for our local community groups and clubs.

I am pleased to say that the major prize of \$20,000 and two of the five minor prizes of \$1,000 went to local residents.

As a result of the devastating bushfire in Wooroloo and Gidgegannup earlier this year we initiated a Bushfire Appeal with Bendigo Community Enterprise Foundation where funds were raised through Bendigo Community Banks across Australia as well as the local community.

Our support included morning teas in partnership with CWA Gidgegannup for fire affected people, and we are now providing monthly dinners.

The dinners are being held at the Gidgegannup Recreation Club where Parky Care arrange a two-course meal, Gidgegannup Recreation Club committee operate the bar, and we organise the proceedings. The dinners include an update from both the City of Swan and the Shire of Mundaring and a guest speaker.

To date, we have had a variety of guest speakers including:

- environmental scientist and educator Simon Cherriman,
- bushfire behaviour analyst Mike Scott,
- Regional Men's Health educator Terry Melrose, and
- two people that were affected by the Parkerville fire and have rebuilt.

We have an average of 70 people attend these dinners and believe that they are becoming an integral part of the community recovery due to the support being offered and the new friendships being formed. This is just one of the reasons I am proud to work for, and with, such a community focused company.



Andrea Southam

Executive Officer

A handwritten signature in black ink that reads "A Southam". The signature is stylized and cursive.



Bronte Anspach – Gidgegannup Primary School
Recipient of the Bendigo Bank Endeavour Award



Jayke Kinder – Clayton View Primary School
Recipient of the Bendigo Bank Endeavour Award



Mt Helena Tennis Club
COVID-19 Recovery Support Sponsorship.

Groups supported

COVID-19 Recovery Support

Recipients	Contribution towards
Chidlow Cats Basketball Club	Replace fundraising
Chidlow Community Playgroup	Replace air conditioner
Chidlow Junior Football Club	Loss of income, training equipment
Chidlow Senior Football Club	Loss of income, line marking machine
Day in the Forrest	Event costs
Eastern Hills Masters Football Club	Loss of income
Helena Valley Netball Club	Hardship support for players and uniform hire
Hills Choir	Cost of Free concert
Mount Helena Residents & Ratepayers Association	Event to replace Whim/Billy Cart due to COVID
Mount Helena Senior Football Club	2020 Season costs
Mount Helena Tennis Club	Replace fundraising, purchase balls
Mundaring Senior Football Club	Hardship support for 8 players
Mundaring Sporting Club	Cleaning requirements
Swan View Cricket Club	Covid-19 Recovery



Mundaring Chamber of Commerce AGM

Incoming President; Morgan Holmes, Outgoing President; Patrick Bertola, Andrea Southam, Duncan Pratt & James Saunders



Thank you event for Volunteer Fire Brigades and Families - Thank you from our Hills and our Hearts
Held 17th April 2021

Groups supported (continued)

Sponsorships

Recipients	Contribution towards
Chidlow Community Garden	Construct green/glasshouse structure, removal of lead paint from railway wagons
Chidlow Progress Association	Newsletter publication
Darlington Community Garden	Purchase of railway wagon for the Community Garden
Darlington Sport & Recreation Association	Community music event
Eastern Hills Business Network	Launch event
Gidgegannup CWA	Provision of food for trauma event at Gidge Ag Hall
Hills Football Association	Game footballs and umpires uniforms
Karen Andrich -Wooroloo Fire	Reimburse costs
Mundaring Bowling Club	Advertising
Mundaring Chamber of Commerce	Catering for AGM, Work Ready Certificate Program
Mundaring Hills Open Studio	Advertising
Mundaring Men's Shed	Signage
Mundaring Senior Football Club	Sponsorship of Best Clubman Award
Owen Briffa - Travelling Museum	Provision of stall at December Rotary Markets
Parkerville Community Care	Insurance costs
Santos Judo Academy	Breast Cancer fundraiser, naming rights and logo on belts
Sawyers Valley Primary School	Annual Science Challenge
Swan Districts Football Club	Count Me In round
Toastmasters	Provision of stall at September Rotary Markets

Groups supported (continued)

In-kind Support

Recipients	Contribution towards
Avocado Pair - PCYC	Printing
Blue Sky Festival	Printing, provision of office space
Bushfire Prone Planning – BAL	Printing
Darlington Community Garden	printing
Day In The Forrest	Printing
Endeavour Certificates & Plaques	Printing
Gidgegannup Small Farm Field Day	Marquee hire, printing
Hills Horsepower – Riding for Disabled	Printing
Hills Rangers Football Club	Printing
Hillsden Bushfire Ready	Printing
Mount Helena Billy Cart Festival	Printing
Mount Helena Little Athletics	Printing
Mount Helena Tennis Club	Desktop publishing, printing
Mundaring Bicentennial Sponsorship Trust	Printing
Mundaring Chamber of Commerce	Office space, printing, ticket sales, business cards
Mundaring Community Men's Shed	Provision of signs
Mundaring Seniors Incorporated	Desktop publishing, printing
Mundaring Woodturners	Market Stall, Printing
Owen Briffa - Travelling Museum	Printing
Save Perth Hills	Printing
Susannah Brook	Printing
The Hills Choir	Desktop publishing, market stall, printing, tickets and sales
Twilight Markets	Printing
Unlocking U – Morgan Holmes	Community Printing

Groups supported (continued)



Woorloo Bush Fire Afternoon Tea to acknowledge the community impact of the Woorloo Bushfire and those involved in the bushfire recovery with His Excellency General the Honourable David Hurley AC DSC, Governor General of the Commonwealth of Australia and Her Excellency Mrs Linda Hurley



Blue Sky Festival
In-kind Sponsorship.



Discovery Trail Winner from Mundaring Primary School
Leah Curtis



Science Challenge Winners from Glen Forrest Primary School
Zac Alves, Atticus Lowrey, Libby Hedley



1st Prize Winner of the 2020 Community Raffle
Andrea Southam, Christy Gentle, Justin Pires

Groups supported (continued)

2021 Community Raffle

Participants

Bees 2 Honey Festival	Glen Forrest Residents & Ratepayers Association
Billy Cart Festival	Glen Forrest Sporting Club
Blue Sky Festival	Grand Master Linda Low
Chidlow Cats Basketball	Helena Valley Netball Club
Chidlow Cougars Junior Football Club	Hills Choir
Chidlow Family Playgroup	Hills Football Association
Chidlow Progress Association	Hills Rangers Football Club
Chidlow RSL	Mount Helena Residents & Ratepayers
Chidlow Senior Football Club	Mount Helena Tennis Club
Chidlow Volunteer Bushfire Brigade	Mount Helena / Parkerville CWA
Darling Range Branch of the Naturalist Club	Mount Helena Senior Football Club
Darlington Arts Festival	Mundaring Bicentennial Trust
Darlington Community Garden	Mundaring Junior Football Club
Darlington Junior Football Club	Mundaring Mustangs Basketball Club
Darlington Netball Club	Mundaring Netball Club
Darlington Scout Group	Mundaring Primary School P&C
Darlington Tennis Club	Mundaring Senior Football Club
Eastern Hills Junior Cricket Club	Mundaring Seniors Inc
Eastern Hills Masters Football Club	Mundaring Sporting Club
Gidgegannup Football Club	Mundaring Tennis Club
Glen Forrest Community Garden	Mundaring Woodturners Association
Glen Forrest Community Kindergarten	Panthers Basketball Club
Glen Forrest Primary School P&C	Parkerville Junior Football Club



CWA and Bendigo Bank Fire Relief Morning Tea



Mundaring Chamber of Commerce 'Work Ready Certificate'
Attended by our local young people and bank staff; Jenny Vo and Vanessa Saunders

Groups supported (continued)

2021 Community Raffle (continued)

Participants

Parkerville Primary School P&C	Swan View Football Club
Perth Hills United Football Club	Swan View Primary School P&C
Ripplebrook Equestrian Vaulting	Swan View Senior Cricket Club
Rotary Club of Mundaring	Swan View Senior High School
Sacred Heart Mundaring Primary School P&F	West Australian Junior Motocross Club
Sacred Heart Sporting Group	West Gidgegannup Volunteer Bush Fire Brigade
Santos Judo	Western Australian Sleddog Sports Association
Sawyers Valley Volunteer Bushfire Brigade	Western Australian Team Penning Association
Studio Intensity Dance Club	Wooroloo Primary School P&C
Swan Community Choir	Wundowie Golf Club
Swan Districts Gymnastics Inc	Wundowie Primary School P&C
Swan Valley Horse & Pony Club	



Swan Districts Gymnastics
2021 Community Raffle Participants



Parky Care Volunteers
Preparing a monthly dinner for fire affected
community members

Directors' report

For the financial year ended 30 June 2021

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

Directors

The directors of the company who held office during the financial year and to the date of this report are:



Duncan Francis Frederick Pratt

Non-Executive Director (appointed 30 September 2020)

Occupation: Structural Engineer

Qualifications, experience and expertise: Chartered Structural Engineer (CPEng) and registered on the National Engineers Register (NER). Registered engineering practitioner in Tasmania and Victoria. Current director of Fulcrum Structural Engineering Pty Ltd.

Special responsibilities: Chair, Strategic Committee, Bushfire Advisory Committee, Audit & Governance Committee.

Interest in shares: nil share interest held



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 member of the Darlington/Bellevue Anglican Parish Council.

Special responsibilities: Treasurer, Chair Audit & Governance Committee, Chair Bushfire Advisory Committee.

Interest in shares: 3,000 ordinary shares



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 (26 years), Chidlow Progress Association Treasurer and a member of the Volunteer Bush Fire Brigades in Wooroloo and Inkpen. A board member of Chidlow Primary School. He also plays bass guitar in a number of local bands.

Special responsibilities: Chair Sponsorship Committee, Member Bushfire Advisory Committee.

Interest in shares: 500 ordinary shares

Directors' report (continued)

Directors (continued)



Benjamin Peter Fillery
Non-Executive Director

Occupation: Technical Sales Metso : Outotec

Qualifications, experience and expertise: Ben has over 19 years experience in the sales and marketing of mining components.

Special responsibilities: Marketing Committee, Sponsorship Committee, Strategic Committee.

Interest in shares: 100 ordinary shares



Susan Elisabeth Fox-Mooney
Non-Executive Director

Occupation: Retired

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. 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. Susie was employed by HR Block, where she prepared small business and personal tax returns.

Special responsibilities: Vice Chair, Audit & Governance Committee member.

Interest in shares: 100 ordinary shares



Rochelle Amanda Werrett
Non-Executive Director (appointed 20 March 2021)

Occupation: Online Consultant

Qualifications, experience and expertise: Online Consultant. Online Systems. Process Automation Developer. Human Resources, Payroll and Bookkeeping. Treasurer of Darlington Scouts. Online Business Owner.

Special responsibilities: Strategic Committee member.

Interest in shares: 100 ordinary shares

Directors' report (continued)

Directors (continued)



Nicola Jane Smith

Non-Executive Director (appointed 30 September 2020)

Occupation: Youth Worker for the Department of Family & Children Services

Qualifications, experience and expertise: Nicola Smith worked in the finance industry for 13 years. After which, she had an opportunity to follow her passion to work with youth. Consequently, Nicola has worked in women's refuges in the Midland area, Halls Creek and Broome with the community, and in residential care with some of the most at-risk youth in the state. Nicola is currently studying a Bachelor of Social Science, majoring in Community Work and Human Services at ECU. Nicola lives on a property in Gidgegannup with her husband and family. Former director of Smith's Automotive Parts.

Special responsibilities: Audit & Governance Committee, Sponsorship Committee.

Interest in shares: nil share interest held



Richard James Stuart

Non-Executive Director (resigned 14 February 2021)

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, Audit & Governance Committee.

Interest in shares: 500 ordinary shares



Susan Prentice Gill

Non-Executive Director (resigned 30 June 2021)

Occupation: Saddle Fitter, Equine Therapist, Communications 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: Sponsorship Committee, Marketing Committee.

Interest in shares: nil share interest held

Directors' report (continued)

Directors (continued)



Frances Jessica Berry

Non-Executive Director (resigned 30 June 2021)

Occupation: Business Owner / Corporate Trainer / Entrepreneur

Qualifications, experience and expertise: Fran is a community-focused entrepreneur and has lived in the hills area for 16 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: Vice Chairman, Marketing Committee.

Interest in shares: 1,000 ordinary shares

Alina Maija Behan

Non-Executive Director (appointed 30 September 2020 and resigned 11 November 2020)

Special responsibilities: Nil.

Interest in shares: nil share interest held

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

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

Directors' report (continued)

Company Secretary

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

Principal activity

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

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

Operating results

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

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
47,152	117,181

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Duncan Francis Frederick Pratt	–	–	–
James Edward Saunders	3,000	–	3,000
Peter Francis Hackett	500	–	500
Benjamin Peter Fillery	100	–	100
Susan Elisabeth Fox-Mooney	100	–	100
Rochelle Amanda Werrett	–	100	100
Nicola Jane Smith	–	–	–
Alina Maija Behan	–	–	–
Richard James Stuart	500	–	500
Susan Prentice Gill	–	–	–
Frances Jessica Berry	1,000	–	1,000

Directors' report (continued)

Dividends

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

	Cents per share	Total amount \$
Final fully franked dividend	5	28,285

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 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.

Directors' report (continued)

Indemnification and insurance of directors and officers (continued)

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

Directors' meetings

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

E - eligible to attend A - number attended	Board Meetings		Committee Meetings							
			Sponsorship		Audit & Governance		Marketing		Bushfire Recovery	
	E	A	E	A	E	A	E	A	E	A
Duncan Francis Frederick Pratt	9	8	-	-	1	1	-	-	3	3
James Edward Saunders	11	10	-	-	3	3	8	2	3	3
Peter Francis Hackett	11	11	2	2	-	-	-	-	3	3
Benjamin Peter Fillery	11	11	2	2	-	-	8	7	-	-
Susan Elisabeth Fox-Mooney	11	10	-	-	3	2	8	3	-	-
Rochelle Amanda Werrett	4	4	-	-	-	-	-	-	-	-
Nicola Jane Smith	9	8	2	1	1	1	-	-	-	-
Alina Maija Behan	2	2	-	-	-	-	-	-	-	-
Richard James Stuart	6	6	-	-	1	1	8	7	-	-
Susan Prentice Gill	11	7	2	2	-	-	8	1	-	-
Frances Jessica Berry	6	6	-	-	-	-	8	7	-	-

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:

Directors' report (continued)

Non audit services (continued)

- 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.

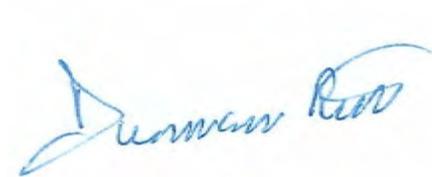
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 28.

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

Duncan Francis Frederick Pratt

Chair



Dated this 29th day of September 2021

Auditor's Independence Declaration



61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5448 0344

Independent 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 2021, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 September 2021

Joshua Griffin
Lead Auditor



Financial Statements

For the year ended 30 June 2021

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	1,125,404	1,380,853
Other revenue	9	62,612	100,337
Finance income	10	7,478	15,744
Employee benefit expenses	11c)	(667,381)	(845,257)
Charitable donations, sponsorship, advertising and promotion		(156,402)	(172,532)
Occupancy and associated costs		(49,428)	(63,771)
Systems costs		(25,611)	(28,546)
Depreciation and amortisation expense	11a)	(88,367)	(90,311)
Finance costs	11b)	(28,543)	(19,676)
General administration expenses		(124,292)	(132,127)
Profit before income tax expense		55,470	144,714
Income tax expense	12a)	(8,318)	(27,533)
Profit after income tax expense		47,152	117,181
Total comprehensive income for the year attributable to the ordinary shareholders of the company:			
		47,152	117,181
Earnings per share		Cents	Cents
- Basic and diluted earnings per share:	30a)	8.34	20.71

The accompanying notes form part of these financial statements

Financial Statements (continued)

For the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	1,154,715	1,127,459
Trade and other receivables	14a)	84,520	108,204
Total current assets		1,239,235	1,235,663
Non-current assets			
Property, plant and equipment	15a)	28,531	33,446
Right-of-use assets	16a)	689,842	725,170
Intangible assets	17a)	6,514	17,710
Deferred tax asset	18a)	64,918	73,237
Total non-current assets		789,805	849,563
Total assets		2,029,040	2,085,226
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	80,685	90,489
Lease liabilities	20a)	37,388	42,584
Employee benefits	22a)	71,873	99,967
Total current liabilities		189,946	233,040
Non-current liabilities			
Lease liabilities	20b)	727,510	752,674
Employee benefits	22b)	1,370	9,002
Provisions	21a)	24,084	23,247
Total non-current liabilities		752,964	784,923
Total liabilities		942,910	1,017,963
Net assets		1,086,130	1,067,263
EQUITY			
Issued capital	23a)	559,585	559,585
Retained earnings	24	526,545	507,678
Total equity		1,086,130	1,067,263

The accompanying notes form part of these financial statements

Financial Statements (continued)

For the year ended 30 June 2021

Statement of Changes in Equity

	Notes	Issued capital \$	Retained earnings \$	Total Equity \$
Balance at 1 July 2019		559,585	418,782	978,367
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	507,678	1,067,263
Balance at 1 July 2020		559,585	507,678	1,067,263
Total comprehensive income for the year		–	47,152	47,152
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	–	(28,285)	(28,285)
Balance at 30 June 2021		559,585	526,545	1,086,130

The accompanying notes form part of these financial statements

Financial Statements (continued)

For the year ended 30 June 2021

Statement of Cash Flows

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,322,669	1,566,185
Payments to suppliers and employees		(1,164,898)	(1,361,187)
Interest received		13,448	8,691
Lease payments (interest component)	11b)	(27,707)	(18,196)
Lease payments not included in the measurement of lease liabilities	11d)	(8,758)	(9,218)
Net cash provided by operating activities	25	134,754	186,275
Cash flows from investing activities			
Payments for property, plant and equipment		(13,726)	(3,124)
Proceeds from sale of property, plant and equipment		–	19,000
Payments for intangible assets		(11,925)	(11,925)
Net cash provided by/(used in) investing activities		(25,651)	3,951
Cash flows from financing activities			
Lease payments (principal component)		(53,562)	(68,778)
Dividends paid	29a)	(28,285)	(28,285)
Net cash used in financing activities		(81,847)	(97,063)
Net cash increase in cash held			
		27,256	93,163
Cash and cash equivalents at the beginning of the financial year		1,127,459	1,034,296
Cash and cash equivalents at the end of the financial year	13	1,154,715	1,127,459

The accompanying notes form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2021

Note 1. Reporting entity

This is the financial report for 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
6945 Great Eastern Highway
Mundaring WA 6073

Principal Place of Business
6945 Great Eastern Highway
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. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 29 September 2021.

Note 3. Changes in accounting policies, standards and interpretations

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

Note 4. Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 4. Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

All revenue is stated net of the amount of Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

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 the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

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

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

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).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 4. Summary of significant accounting policies (continued)

b) Other revenue (continued)

Cash flow boost (continued)

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

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 4. Summary of significant accounting policies (continued)

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 4. Summary of significant accounting policies (continued)

e) Taxes (continued)

Deferred tax (continued)

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

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

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line 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:

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 4. Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

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.

h) Intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

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

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

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

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

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

i) Financial instruments

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

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

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 4. Summary of significant accounting policies (continued)

m) Leases (continued)

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 5. Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

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

b) Assumptions and estimation uncertainties

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

Note	Assumptions
Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
Note 22 - long service leave provision	key assumptions on attrition rate and pay increases through 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 6. Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

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

Exposure to liquidity risk

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

30 June 2021		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	764,898	63,753	205,613	805,319
Trade and other payables	80,685	80,685	–	–
	845,583	144,438	205,613	805,319

30 June 2020		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	795,258	69,953	205,613	856,722
Trade and other payables	90,489	90,489	–	–
	885,747	160,442	205,613	856,722

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 6. Financial risk management (continued)

c) Market risk

Market risk

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

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

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale 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 \$1,154,715 at 30 June 2021 (2020: \$1,127,459). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 8. Revenue from contracts with customers	2021	2020
	\$	\$
Margin income	916,070	1,164,020
Fee income	94,949	111,710
Commission income	114,385	105,123
	1,125,404	1,380,853

Note 9. Other revenue	2021	2020
	\$	\$
Market development fund income	–	10,000
Cash flow boost	37,500	62,500
Gain on disposal of property, plant and equipment	–	8,529
Other income	25,112	19,308
	62,612	100,337

Note 10. Finance income	2021	2020
	\$	\$
Term deposits	7,478	15,744

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

Note 11. Expenses

a) Depreciation and amortisation expense	2021	2020
	\$	\$
Depreciation of non-current assets		
Leasehold improvements	14,778	14,220
Plant and equipment	3,863	4,247
Motor vehicles	–	2,696
	18,641	21,163
Depreciation of right-of-use assets		
Leased land and buildings	58,530	57,951
Amortisation of intangible assets		
Franchise fee	2,244	2,244
Franchise renewal process fee	8,952	8,953
	11,196	11,197
Total depreciation and amortisation expense	88,367	90,311

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 11. Expenses (continued)

	2021 \$	2020 \$
b) Finance costs		
Lease interest expense	27,707	18,195
Unwinding of make-good provision	836	1,481
Total depreciation and amortisation expense	28,543	19,676

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

c) Employee benefit expenses

Wages and salaries	582,506	711,844
Non-cash benefits	–	6,225
Contributions to defined contribution plans	53,873	66,044
Expenses related to long service leave	(20,277)	(16,597)
Other expenses	51,279	77,741
	667,381	845,257

d) Recognition exemption

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

	2021 \$	2020 \$
Expenses relating to low-value leases	8,758	9,218

Note 12. Income tax expense

	2021 \$	2020 \$
a) Amounts recognised in profit or loss		
Current tax expense		
Recoupment of prior year tax losses	1,373	–
Future income tax benefit attributable to losses	–	(2,866)
Movement in deferred tax	4,348	(2,064)
Adjustment to deferred tax on AASB 16 retrospective application	–	28,238
Adjustment to deferred tax to reflect reduction in tax rate in future periods	2,597	4,225
	8,318	27,533

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 12. Income tax expense (continued)

b) Prima facie income tax reconciliation

Operating profit before taxation	55,470	144,714
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	14,422	39,796
Tax effect of:		
- Non-deductible expenses	1,050	699
- Temporary differences	(4,349)	(26,173)
- Other assessable income	(9,750)	(17,188)
- Movement in deferred tax	4,348	(2,064)
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	2,597	4,225
- Leases initial recognition	-	28,238
	8,318	27,533

Note 13. Cash and cash equivalents	2021 \$	2020 \$
Cash at bank and on hand	154,715	217,459
Term deposits	1,000,000	910,000
	1,154,715	1,127,459

Note 14. Trade and other receivables

a) Current Assets	2021 \$	2020 \$
Trade receivables	71,817	92,939
Prepayments	11,524	8,116
Other receivables and accruals	1,179	7,149
	84,520	108,204

Note 15. Property, plant and equipment

a) Carrying amounts	2021 \$	2020 \$
Leasehold improvements		
At cost	219,502	206,374
Less: accumulated depreciation	(193,017)	(178,239)
	26,485	28,135

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 15. Property, plant and equipment (continued)

a) Carrying amounts (continued)

	2021 \$	2020 \$
Plant and equipment		
At cost	252,266	251,668
Less: accumulated depreciation	(250,220)	(246,357)
	2,046	5,311
Total written down amount	28,531	33,446

b) Reconciliation of carrying amounts

Leasehold improvements		
Carrying amount at beginning	28,135	40,856
Additions	13,128	1,499
Depreciation	(14,778)	(14,220)
	26,485	28,135
Plant and equipment		
Carrying amount at beginning	5,311	8,434
Additions	598	1,625
Disposals	–	(501)
Depreciation	(3,863)	(4,247)
	2,046	5,311
Motor vehicles		
Carrying amount at beginning	–	13,168
Disposals	–	(10,472)
Depreciation	–	(2,696)
	–	–
Total written down amount	28,531	33,446

c) Changes in estimates

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 16. Right-of-use assets

a) Carrying amounts	2021 \$	2020 \$
Leased land and buildings		
At cost	1,490,588	1,467,385
Less: accumulated depreciation	(800,746)	(742,215)
Total written down amount	689,842	725,170

b) Reconciliation of carrying amounts

Leased land and buildings		
Carrying amount at beginning	725,170	–
Initial recognition on transition	–	793,837
Accumulated depreciation on adoption	–	(684,264)
Remeasurement adjustments	23,202	673,548
Depreciation	(58,530)	(57,951)
Total written down amount	689,842	725,170

Note 17. Intangible assets

a) Carrying amounts	2021 \$	2020 \$
Franchise fee		
At cost	161,192	161,192
Less: accumulated amortisation	(159,908)	(157,664)
	1,284	3,528
Franchise renewal process fee		
At cost	44,769	44,769
Less: accumulated amortisation	(39,539)	(30,587)
	5,230	14,182
Total written down amount	6,514	17,710

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 17. Intangible assets (continued)

b) Reconciliation of carrying amounts	2021 \$	2020 \$
Franchise fee		
Carrying amount at beginning	3,528	5,772
Amortisation	(2,244)	(2,244)
	1,284	3,528
Franchise renewal process fee		
Carrying amount at beginning	14,182	23,134
Amortisation	(8,952)	(8,953)
	5,230	14,182
Total written down amount	6,514	17,710

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	2021 \$	2020 \$
Deferred tax assets		
- expense accruals	1,403	858
- employee provisions	18,311	28,332
- make-good provision	6,021	6,044
- lease liability	191,225	206,767
- carried-forward tax losses	27,847	30,335
Total deferred tax assets	244,807	272,336
Deferred tax liabilities		
- income accruals	295	1,859
- property, plant and equipment	7,133	8,696
- right-of-use assets	172,461	188,544
Total deferred tax liabilities	179,889	199,099
Net deferred tax assets (liabilities)	64,918	73,237
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	8,319	(27,532)
Movement in deferred tax charged to Statement of Changes in Equity	-	28,238

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

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	2021 \$	2020 \$
Trade creditors	2,307	11,560
Other creditors and accruals	78,378	78,929
	80,685	90,489

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

The company's lease portfolio includes:

Mundaring branch	The lease agreement commenced in January 2002. A 5 year renewal option was exercised in January 2020. The company has 4 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is February 2042.
Corporate Office	The lease agreement commenced in January 2012. A 1 year renewal option was exercised in January 2021. The company has no renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is January 2022.

a) Current lease liabilities	2021 \$	2020 \$
Property lease liabilities	63,753	69,953
Unexpired interest	(26,365)	(27,369)
	37,388	42,584

b) Non-current lease liabilities

Property lease liabilities	1,010,932	1,062,335
Unexpired interest	(283,422)	(309,661)
	727,510	752,674

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 20. Lease liabilities (continued)

c) Reconciliation of lease liabilities	2021 \$	2020 \$
Lease liabilities on transition		
Balance at the beginning	795,258	–
Initial recognition on AASB 16 transition	–	167,886
Remeasurement adjustments	23,202	696,150
Lease interest expense	27,707	18,196
Lease payments - total cash outflow	(81,269)	(86,974)
	764,898	795,258
d) Maturity analysis		
Not later than 12 months	63,753	69,953
Between 12 months and 5 years	205,613	205,613
Greater than 5 years	805,319	856,722
Total undiscounted lease payments	1,074,685	1,132,288
Unexpired interest	(309,787)	(337,030)
Present value of lease liabilities	764,898	795,258

Note 21. Provisions

a) Non-current liabilities	2021 \$	2020 \$
Make-good on leased premises	24,084	23,247

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as \$50,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on February 2042 at which time it is expected the face-value costs to restore the premises will fall due.

Note 22 Employee benefits

a) Current liabilities	2021 \$	2020 \$
Provision for annual leave	37,466	45,581
Provision for long service leave	34,407	54,386
	71,873	99,967

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 22. Employee benefits (continued)

b) Non-current liabilities	2021 \$	2020 \$
Provision for long service leave	1,370	9,002

c) Key judgement and assumptions

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

Note 23. Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	565,700	565,700	565,700	565,700
Less: equity raising costs	-	(6,115)	-	(6,115)
	565,700	559,585	565,700	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 have the same ability to influence the operation of the company.

Dividends

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

Transfer

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

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 23. Issued capital (continued)

b) Rights attached to issued capital (continued)

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the “10% limit”).
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the “close connection test”).
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the “base number test”). The base number is 600. As at the date of this report, the company had 624 shareholders (2020: 633 shareholders).

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

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

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

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

Note 24. Retained earnings	Notes	2021 \$	2020 \$
Balance at beginning of reporting period		507,678	493,226
Adjustment for transition to AASB 16		–	(74,444)
Net profit after tax from ordinary activities		47,152	117,181
Dividends provided for or paid	29a)	(28,285)	(28,285)
Balance at end of reporting period		526,545	507,678

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 25. Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	47,152	117,181
Adjustments for:		
- Depreciation	77,171	79,114
- Amortisation	11,196	11,197
- (Profit)/loss on disposal of non-current assets	-	(8,028)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	23,683	54,657
- (Increase)/decrease in other assets	8,319	27,533
- Increase/(decrease) in trade and other payables	2,123	(23,641)
- Increase/(decrease) in employee benefits	(35,726)	(73,218)
- Increase/(decrease) in provisions	836	1,480
Net cash flows provided by operating activities	134,754	186,275

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.

	Notes	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	13	154,715	217,459
Term deposits	13	1,000,000	910,000
Trade and other receivables	14	72,996	100,088
		1,227,711	1,227,547
Financial liabilities			
Trade and other payables	19	80,685	90,489
Lease liabilities	20	764,898	795,258
		845,583	885,747

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 27. Auditor's remuneration

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

	2021 \$	2020 \$
Audit and review services		
Audit and review of financial statements	5,000	4,800
Non audit services		
Taxation advice and tax compliance services	600	600
General advisory services	2,510	3,680
Share registry services	6,280	6,859
Total auditor's remuneration	14,390	15,939

Note 28. Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Duncan Francis Frederick Pratt

James Edward Saunders

Peter Francis Hackett

Benjamin Peter Fillery

Susan Elisabeth Fox-Mooney

Rochelle Amanda Werrett

Nicola Jane Smith

Alina Maija Behan

Richard James Stuart

Susan Prentice Gill

Frances Jessica Berry

b) Key management personnel compensation

Key management personnel compensation comprised the following:

	2021 \$	2020 \$
Short-term employee benefits	18,241	16,000

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

Note 28. Related parties (continued)

c) Related party transactions

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

	2021 \$	2020 \$
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:	3,168	2,227
Peter Hackett provided testing and tagging for both Branch and Corporate Office.	265	270
The company used Chidlow Tavern for marketing and corporate function purposes. The total benefit received was:	1,000	–
Total transactions with related parties	4,433	2,497

Community Bank Directors' Privileges Package

The board has adopted the Community Bank Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the Community Bank. There is no requirement to own Bendigo Bank shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo Bank shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$1,706 for the year ended 30 June 2021 (2020: \$2,217).

Note 29. Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	5.00	28,285	5.00	28,285

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

	2021 \$	2020 \$
b) Franking account balance		
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	405,276	416,005
Franking transactions during the financial year:		
- Franking debits from the payment of franked distributions	(9,938)	(10,729)
Franking credits available for future reporting periods	395,338	405,276

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2021

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.

	2021	2020
	\$	\$
Profit attributable to ordinary shareholders	47,152	117,181

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

	Cents	Cents
Basic and diluted earnings per share	8.34	20.71

Note 31. Commitments

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

Note 32. Contingencies

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

Note 33. Subsequent events

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

Directors' Declaration

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 2021 and of its performance for the financial year ended on that date; and
 - ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Duncan Francis Frederick Pratt

Chair



Dated this 29th day of September 2021

Independent audit report



61 Bull Street
Bendigo VIC 3550

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03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mundaring Community Financial Services Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of 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 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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



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Independent audit report (continued)



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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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Independent audit report (continued)



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03 5443 0344

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 September 2021

Joshua Griffin
Lead Auditor

afs@afsbendigo.com.au



Community members Robyn Cain and Hannah Dyer with Andrea Southam, Justin Pires and James Saunders

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 **Bendigo Bank**