

# 2021 Annual Report



## Murrimboola Financial Services Limited

ABN 12 118 357 467

Community Bank · Harden Murrumburrah

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# Chair's report

For year ending 30 June 2021

The past year has again shown that both climate and COVID-19 can impact our lives in the most radical way. As this report is written, much of NSW, the ACT and portions of Victoria are in lockdown to reduce transmission of the rapidly spreading virus. Winter has had its part to play as the warmer states appear less affected.

Throughout this period our Community Bank Harden Murrumburrah has been open and trading as an essential service. We acknowledge the careful and professional manner the staff have gone about their work despite risks to their own health as we deliver the banking services the community requires.

The Board is very appreciative of the efforts Lisa Dean has put in with juggling COVID-19, the Grenfell agency requirements, the staff requirements, the Board requirements and also the requirements of both the region and state offices of Bendigo and Adelaide Bank Limited.

I would like to make special mention of our agency at Grenfell, which has been very effectively run through the offices of Aston and Joyce. We look forward to furthering our relationship with the Directors of Aston and Joyce over the next 12 months in order to grow the banking business in Grenfell.

It is pleasing to be able to note that COVID-19 and the result financial downturn notwithstanding, the Board has been able to sponsor various community groups in the twin towns of Harden-Murrumburrah and Grenfell over the past 12 months. We look forward to being able to continue to support the community.

A wetter-than-average year-to-date offers very positive harvest prospects for the farming sector. A record-breaking \$331.20 each for new-season lambs set recently indicates livestock markets are very buoyant. If this is combined with historically low interest rates and the real estate activity associated with it, there is little wonder that bank staff have been very busy with enquiries.

In a significant milestone, Gayle Curtis left our ranks having been employed in the branch since the doors opened on 10 March 2007. We wish her well in her new Administrator position with Bunyip Pre-School.

There have been four resignations from the Board during the past year: Jan Ryan, Greg Sanderson, Geoff Orchison and John McFadyen. It is always sad to see Board members of the calibre of these four leave our ranks, but it opens the door to new members with fresh ideas and energy to join the ranks. Their replacements are still being finalised.

Our Company Secretary, Ros Bickford, has contacted as many affected shareholders as possible to rescue dividends for them that have not been paid since cheques were no longer distributed. Since then if you have not received your dividends then please contact her. Time is running out. Eventually those dividends will be lost to you and the bank, and will go to the Federal Treasury.

The shareholders' asset has been improved with refurbishment of the meeting room behind the bank building. This facility has already been used just before regional NSW went into lockdown with enthusiastic response from those involved.

Another modest profit was made during the 2020/21 financial year, and for a full description I commend to you the financial report.



**Hugh Pavitt**  
Chair

# Manager's report

For year ending 30 June 2021

It is with much pleasure that I present the Manager's report for Community Bank Harden-Murrumburrah for another successful year of trading and business growth, with our business levels reaching a \$117.9 million in banking business as of 30 June 2021. This was an increase in new business of \$5.25 million from the previous year.

We achieved a moderate operating profit before tax of \$130,151 which is an achievement given the economic climate due to COVID-19 here and across the world.

2021 has seen an increase in our customers embracing technological change by utilising digital banking, whilst maintaining our focus on being a customer facing branch. Our staff have done a tremendous job to assist our customers to be set up for online and phone banking at the onset of the pandemic. Once set up, our customers have advised us how easy the Bendigo App is to use for them to be able to view their accounts and conduct their banking when they were unable to make it into our branch.

The events of the past year have been challenging and extremely draining on our staff, dealing with unusual circumstances and they have dealt with the uncertainty admirably. The year ahead will be slightly challenging with interest rates tightening and restrained lending policies in place due to the pandemic, however our vision remains strong for the year ahead with customer and business growth.

Support for Community Bank Harden-Murrumburrah has enabled the company and Board to return dividends to our shareholders as well as provide grants and sponsorships across the two communities of Harden-Murrumburrah and Grenfell.

My thanks once again go to the volunteer Board of Directors for their continued support, our Regional Manager Brendan Hendry for his guidance and leadership in the ever changing banking world and our staff for their continued and ongoing commitment towards the success of Community Bank Harden-Murrumburrah.

Most importantly I would like to thank our loyal customers, who with their ongoing banking support are invaluable in helping our branch to continue to grow and enabling our Community Bank to continue to prosper.



**Lisa Dean**  
**Branch Manager**

# Directors' report

## FOR THE YEAR ENDED 30 JUNE 2021

The Directors present their report on Murrumboola Financial Services Limited for the financial year ended 30 June 2021.

### Information on Directors

Hugh Pavitt	Chairman
Experience	12 years as a Director, 9 years as Chairman
Special responsibilities	Chairman Duties
Roslyn Bickford	Company Secretary
Experience	18 months as a Director, 8 months as Company Secretary
Special responsibilities	Governance & Audit, Marketing & Sponsorship, Budget & Finance Committees
Susan McCarthy	Treasurer
Experience	14 years as a Director and Treasurer
Special responsibilities	Governance & Audit, Budget & Finance, Events & Newsletter, Marketing & Sponsorship Committees
Evelyn Shea	Director
Experience	12 years as a Director
Special responsibilities	Human Resources, Governance & Audit, Marketing & Sponsorship Committees
Michael Bickford	Director
Experience	5 years as a Director
Special responsibilities	Marketing & Sponsorship, Property, Budget & Finance Committees
John McFadyen	Deputy Chairman (resigned June 2021)
Experience	6 years as a Director
Special responsibilities	Human Resources, Business Development, Marketing & Sponsorship Committees
Geoffrey Orchison	Director (resigned January 2021)
Experience	4.5 years as a Director
Special responsibilities	Business Development, Events & Newsletter, Marketing & Sponsorship Committees
Janice Ryan	Director (resigned December 2020)
Experience	4 years as a Director
Special responsibilities	Business Development, Governance & Audit, Budget & Finance Committees
Gregory Sanderson	Director (resigned April 2021)
Experience	2.5 years as a Director
Special responsibilities	Governance & Audit Committee
Amy Mergard	Director (appointed May 2021)
Experience	2 months as a Director
Judith McFadyen	Director (appointed May 2021)
Experience	2 months as a Director



# Directors' report (continued)

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## Information on Directors

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## Principal activity

The principal activity of Murrumboola Financial Services Limited during the financial year was providing community bank services under management rights to operate a franchised branch of the Bendigo and Adelaide Bank Limited.

No significant changes in the nature of the Company's activity occurred during the financial year.

## Operating results

The profit of the Company after providing for income tax amounted to \$85,803 (2020: \$140,298).

## Review of operations

A review of the operations of the Company during the financial year identified the following:

- Employee benefits were equivalent to 48% of revenue (2020: 46%);
- As at 30 June 2021, current assets exceeded current liabilities by \$439,194 (2020: \$355,753);
- Revenue decreased by \$66,793 (2020 decreased: \$43,225);
- Cash flow boost received from the Australian Taxation Office due to the COVID-19 pandemic amounted to \$40,299; and
- The profit before income tax was \$104,012 (2020: \$182,490)

## Significant changes in state of affairs

There were no significant changes in the state of affairs of the Company during the year.

## Matters or circumstances arising after the end of the year

The franchised branch ceased trading on Saturday mornings from 1 July 2021. The company continues to open 9.30am - 5.00pm on Mondays - Fridays.

The Franchise Agreement between Murrumboola Financial Services Limited and Bendigo and Adelaide Bank Limited expires on 12 March 2022. The Board has commenced initial discussions with Bendigo and Adelaide Bank Limited to renew the Franchise Agreement and associated licence fee for a further term of five (5) years. At this stage, the Board of Murrumboola Financial Services Limited have not been advised what the likely licence fee will be.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

## Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

## Dividends paid or recommended

An unfranked dividend of \$34,405 (\$0.05 per share) was paid to shareholders in January 2021 as recommended by the Board in the half-year ended 31 December 2020 financial report.

# Directors' report (continued)

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## Meetings of Directors

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number eligible to attend	Number attended
Hugh Pavitt	12	11
John McFadyen	12	9
Ros Bickford	12	11
Susan McCarthy	12	12
Evelyn Shea	12	11
Michael Bickford	12	12
Geoffrey Orchison	8	6
Janice Ryan	6	4
Gregory Sanderson	10	7
Judith McFadyen	2	2
Amy Mergard	2	2

## Indemnification

The Company has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

## Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors.

Director: .....  
Hugh Pavitt

Director: .....  
Susan McCarthy

Dated: 22 September 2022

# Auditor's independence declaration



## MURRIMBOOLA FINANCIAL SERVICES LIMITED ABN: 12 118 357 467

### AUDITOR'S INDEPENDENCE DECLARATION FOR THE YEAR ENDED 30 JUNE 2021

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2021 there have been no contraventions of:

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

**National Audits Group Pty Ltd**  
**Authorised Audit Company**

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

**Danielle Nye**  
**Director**

**Dated: 23 September 2021**



# Financial statements

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue		738,698	805,491
Other income		40,299	37,673
	4	<u>778,997</u>	<u>843,164</u>
<b>Less: Expenses</b>			
Agent commission		80,124	73,028
Amortisation		15,077	15,076
Auditor's remuneration	5	9,150	10,500
Bank charges		610	594
Depreciation		5,680	4,798
Donations and sponsorships		26,348	35,987
Employee expenses		374,907	370,568
Finance expenses		1,260	247
Freight, cartage and delivery		8,319	8,849
Insurance		21,020	17,910
IT expenses		19,110	21,830
Land and water rates		3,283	3,485
Other expenses		73,875	64,857
Postage, printing and stationery		12,281	12,495
Repairs and maintenance		16,465	7,604
Telephone and internet		4,229	5,268
Utilities		3,246	7,580
		<u>674,985</u>	<u>660,674</u>
<b>Profit before income tax for the year</b>		<u>104,012</u>	<u>182,490</u>
Income tax expense	2(a), 6	(18,209)	(42,192)
<b>Profit for the year</b>		<u>85,803</u>	<u>140,298</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u>85,803</u>	<u>140,298</u>
Earnings per share (EPS)		<u>\$0.12</u>	<u>\$0.20</u>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	472,034	384,454
Trade and other receivables	8	80,291	72,557
Prepayments		10,338	9,715
<b>TOTAL CURRENT ASSETS</b>		<u>562,662</u>	<u>466,726</u>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	-	15,077
Property, plant and equipment	10	126,486	127,336
Deferred tax assets		11,928	30,136
<b>TOTAL NON-CURRENT ASSETS</b>		<u>138,414</u>	<u>172,549</u>
<b>TOTAL ASSETS</b>		<u>701,076</u>	<u>639,275</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	73,475	59,619
Employee benefits	12	49,993	51,354
<b>TOTAL CURRENT LIABILITIES</b>		<u>123,468</u>	<u>110,973</u>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	12	7,370	9,461
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>7,370</u>	<u>9,461</u>
<b>TOTAL LIABILITIES</b>		<u>130,838</u>	<u>120,434</u>
<b>NET ASSETS</b>		<u>570,238</u>	<u>518,841</u>
<b>EQUITY</b>			
Issued capital	13	688,108	688,108
Accumulated losses		(117,870)	(169,267)
<b>TOTAL EQUITY</b>		<u>570,238</u>	<u>518,841</u>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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### STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
<b>ACCUMULATED LOSSES</b>		
<b>Accumulated losses at the beginning of the year</b>	(169,267)	(275,160)
Profit for the year	85,803	140,298
Ordinary dividends paid during the year	(34,405)	(34,405)
<b>Accumulated losses at the end of the year</b>	<u>(117,870)</u>	<u>(169,267)</u>
<b>ISSUED CAPITAL</b>		
<b>Issued capital at the beginning of the year</b>	688,108	688,108
Net movement in issued capital during the year	-	-
<b>Issued capital at the end of the year</b>	<u>688,108</u>	<u>688,108</u>
<b>TOTAL EQUITY</b>	<u><u>570,238</u></u>	<u><u>518,841</u></u>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		730,964	849,034
Payments to suppliers and employees		(628,006)	(716,565)
Cash Flow Boost (COVID-19)		40,299	29,607
Income tax instalments paid		(16,442)	-
<b>Net cash provided by operating activities</b>	14	126,815	162,076
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		(4,830)	(7,482)
<b>Net cash used in investing activities</b>		(4,830)	(7,482)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Dividends paid to shareholders		(34,405)	(34,405)
<b>Net cash used in financing activities</b>		(34,405)	(34,405)
<b>Net increase in cash and cash equivalents held</b>		87,580	120,189
Cash and cash equivalents at beginning of year		384,454	264,265
<b>Cash and cash equivalents at end of financial year</b>	7	472,034	384,454

The accompanying notes form part of these financial statements.

# Notes to the financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2021

The financial report covers Murrumbolla Financial Services Limited as an individual entity. Murrumbolla Financial Services Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Murrumbolla Financial Services Limited is Australian dollars (\$AUD) and the amounts presented have been rounded to the nearest dollar.

The financial report was authorised for issue by the Directors on 22 September 2021.

#### 1 BASIS OF PREPARATION

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (a) Income Tax

The Company qualifies as a base rate entity and is eligible for the lower tax rate of 26.0%.

The income tax benefit recognised in the statement of profit or loss and other comprehensive income comprises current income tax plus deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

# Notes to the financial statements (continued)

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (b) Revenue and other income

#### Revenue from contracts with customers

The core principle of AASB 15 *Revenue from Contracts with Customers* is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

#### Specific revenue streams

The Company operates a franchise (branch) of Bendigo and Adelaide Bank Limited (the Bank) trading as Harden Murrumburrah Community Bank of Bendigo Bank. In accordance with the Franchise Agreement, the Company operates under the Bank's Australian Financial Services Licence (AFSL) and subsequently receives a profit share of the following revenue streams:

- Fee income;
- Gross margin income;
- Market development fund income;
- Trailer product commission; and
- Upfront product commission.

#### Profit share revenue

The Company receives a net profit share (income and expenses) from the Bank on a monthly basis. The net profit share is contingent on the Company's monthly performance as outlined in the Franchise Agreement. The net profit share is received within one (1) month from month end and recognised as revenue within the month to which the profit share performance obligations were satisfied, on a gross basis.

#### Other revenue

Other revenue is recognised on an accruals basis when the Company has satisfied its performance obligations.

### (c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated as inclusive of GST.

Cash flows in the statement of cash flows are included on an exclusive 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 operating cash flows.



# Notes to the financial statements (continued)

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

#### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	5% - 20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

### (e) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification

On initial recognition, the Company classifies its financial assets as those measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

#### Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes to the financial statements (continued)

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (e) Financial instruments

#### Financial assets

The Company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents in the Statement of Financial Position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other income.

#### Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset that is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

#### Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 that uses an estimation of lifetime expected credit losses. The Company has determined the probability of non- payment of the receivables and multiplied this by the amount of the expected loss arising from any default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised as a finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

# Notes to the financial statements (continued)

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (e) Financial instruments

#### Financial assets

##### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

#### Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequent financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and overdraft facilities when in use.

### (f) Impairment of non-financial assets

At the end of each reporting period the Directors determine whether there is evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless of indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets that have suffered an impairment loss.

### (g) Intangible assets - franchise fees

Franchise fees are initially recognised at cost when acquired. Franchise fees have a finite useful life of five (5) years and are subsequently recognised and measured at cost less accumulated amortisation. Franchise fees are amortised over their useful life of five (5) years.

During the year ended 30 June 2017, the Company renewed its franchise fee for a further five year period. The licence is due to be renewed during the year ended 30 June 2022.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank that is readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position to the extent they have been utilised at year end.

### (i) Employee benefits

A liability is made for the Company's employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

# Notes to the financial statements (continued)

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (i) Employee benefits

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

### (j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

### (k) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

### (l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options that vest immediately are recognised as a deduction from equity, net of any tax effects.

### (m) Adoption of new and revised accounting standards

The Company has adopted all standards that became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Directors make estimates and judgments during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known, then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

### **Key estimates - impairment of property, plant and equipment**

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations incorporating various key assumptions.

### **Key estimates - provisions**

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

### **Key estimates - receivables**

The receivables at the reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best available information at the reporting date.

# Notes to the financial statements (continued)

## 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

### Key judgments - taxes

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

### Key judgments - Coronavirus (COVID-19) pandemic

Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

	2021 \$	2020 \$
<b>4 REVENUE AND OTHER INCOME</b>		
Revenue from contracts with customers		
- Profit share revenue	732,951	788,087
- Other revenue	4,727	15,706
	<u>737,678</u>	<u>803,793</u>
Other income		
- Interest received	1,020	1,698
- Cash flow boost (COVID-19)	40,299	29,607
- Solar panel rebate	-	8,066
	<u>41,319</u>	<u>39,371</u>
<b>Total revenue and other income</b>	<u><u>778,997</u></u>	<u><u>843,164</u></u>

## 5 AUDITOR'S REMUNERATION

Remuneration of the auditor National Audits Group Pty Ltd, for the:

- Audit of annual financial statements	4,350	4,500
- Review of interim financial statements	3,300	3,000
- Assistance with compilation of financial statements*	1,500	3,000
<b>Total auditor's remuneration</b>	<u><u>9,150</u></u>	<u><u>10,500</u></u>

\* The auditor's remuneration reported above represents the fees paid during the respective period.

## Notes to the financial statements (continued)

	2021 \$	2020 \$
<b>6 INCOME TAX EXPENSE</b>		
Income tax expense	18,209	42,192
<b>Reconciliation of income tax to accounting profit:</b>		
Prima facie tax payable from ordinary activities before income tax at 26.0% (2020: 27.5%)	27,043	50,185
Net tax effect of:		
- non-deductible/non-assessable items	(11,164)	(4,810)
Taxable profit at 26.0% (2020: 27.5%)	15,879	45,375
Net tax effect of:		
- temporary differences	(2,330)	3,183
Income tax expense	18,209	42,192
<b>Movement in carried forward tax losses</b>		
Carried forward tax losses at the beginning of the year	(38,518)	(203,518)
Taxable income for the year	61,074	165,000
<b>Net taxable income/(Carried forward tax losses) at the end of the year</b>	22,556	(38,518)
<b>7 CASH AND CASH EQUIVALENTS</b>		
CURRENT		
Cash at bank	472,034	384,454

Murrumbula Financial Services Limited cancelled their bank overdraft facility (limit of \$100,000) with Bendigo and Adelaide Bank Limited on 22 April 2021.



## Notes to the financial statements (continued)

	Note	2021 \$	2020 \$
<b>8 TRADE AND OTHER RECEIVABLES</b>			
CURRENT			
Profit share receivable		63,849	65,686
ATO receivable		16,442	6,871
		<u>80,291</u>	<u>72,557</u>
<b>9 INTANGIBLE ASSETS</b>			
NON-CURRENT			
Franchise Fee			
At cost		75,381	75,381
Accumulated amortisation		(75,381)	(60,304)
	17	<u>-</u>	<u>15,077</u>
<b>10 PROPERTY, PLANT AND EQUIPMENT</b>			
NON-CURRENT			
Freehold land			
At cost		30,000	30,000
Buildings			
At cost		335,362	332,635
Accumulated depreciation		(256,002)	(252,364)
		<u>79,360</u>	<u>80,271</u>
Plant and equipment			
At cost		52,101	49,997
Accumulated depreciation		(34,974)	(32,932)
		<u>17,127</u>	<u>17,065</u>
<b>Total property, plant and equipment</b>		<u>126,486</u>	<u>127,336</u>

## Notes to the financial statements (continued)

### 10 PROPERTY, PLANT AND EQUIPMENT

#### Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land \$	Buildings \$	Plant and Equipment \$	Total \$
<b>Year ended 30 June 2021</b>				
Balance at the beginning of year	30,000	80,271	17,065	127,336
Additions	-	2,727	2,104	4,831
Depreciation expense	-	(3,638)	(2,042)	(5,680)
<b>Balance at the end of the year</b>	<u>30,000</u>	<u>79,360</u>	<u>17,127</u>	<u>126,487</u>
<b>Year ended 30 June 2020</b>				
Balance at the beginning of year	30,000	83,878	2,707	116,585
Additions	-	-	15,548	15,548
Depreciation expense	-	(3,607)	(1,191)	(4,798)
<b>Balance at the end of the year</b>	<u>30,000</u>	<u>80,271</u>	<u>17,065</u>	<u>127,336</u>

	2021 \$	2020 \$
<b>11 TRADE AND OTHER PAYABLES</b>		
CURRENT		
Accrued expenses	11,070	10,257
ATO payable	26,963	-
Franchise fee payable	15,077	30,153
Trade and profit share payables	20,365	19,209
	<u>73,475</u>	<u>59,619</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

## Notes to the financial statements (continued)

	2021	2020
	\$	\$
<b>12 EMPLOYEE BENEFITS</b>		
CURRENT		
Annual leave	15,437	24,711
Long service leave	34,556	26,643
	<u>49,993</u>	<u>51,354</u>
NON-CURRENT		
Long service leave	7,370	9,461
	<u>7,370</u>	<u>9,461</u>

### 13 ISSUED CAPITAL

688,108	688,108
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#### Ordinary shares

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

### 14 CASH FLOW INFORMATION

Reconciliation of result for the year to net cash provided by operating activities:

Profit for the year	85,803	140,298
Non-cash flows in profit:		
- amortisation	15,077	15,076
- depreciation	5,680	4,798
- solar panel rebate	-	(8,066)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(7,734)	1,351
- (increase)/decrease in prepayments	(623)	(2,969)
- (increase)/decrease in deferred tax asset	18,208	42,192
- increase/(decrease) in trade and other payables	13,856	(39,005)
- increase/(decrease) in employee benefits	(3,452)	8,401
Cashflows provided by operating activities	<u>126,815</u>	<u>162,076</u>

# Notes to the financial statements (continued)

## 15 RELATED PARTIES

### Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered key management personnel. Key management personnel of the Company during the year were as follows:

Hugh Pavitt	Chairman
Roslyn Bickford	Company Secretary
Susan McCarthy	Treasurer
Evelyn Shea	Director
Michael Bickford	Director
Amy Mergard	Director: appointed May 2021
Judith McFadyen	Director: appointed May 2021
John McFadyen	Deputy Chairman: resigned June 2021
Gregory Sanderson	Director: resigned April 2021
Geoffrey Orchison	Director: resigned January 2021
Janice Ryan	Director: resigned December 2020
Elizabeth Dean	(Branch Manager)

For details of remuneration disclosures relating to key management personnel, refer to Note 16: Key Management Remuneration. Other transactions with KMP and their related entities are shown below.

### Related parties - share ownership

The number of Shares in Murrumboola Financial Services Limited held during the reporting period by Directors and Key Management personnel, including their personally related parties, is set out below:

Hugh Pavitt	5,000
Evelyn Shea	2,500
Susan McCarthy	15,001
Gregory Sanderson	4,500
Janice Ryan	1,000
Amy Mergard	500
<b>Total</b>	<b>28,501</b>

### Other Related parties - transactions

Other related parties include close family members of Directors, Key Management personnel and entities that are controlled or significantly influenced by those Directors, Key Management personnel or their close family members.

Transactions with other related parties during the year were as follows:

- Roslyn Bickford is Secretary of the Country Women's Association of NSW Harden Branch which received a sponsorship donation of \$5,000.

- Dividend payments totalling \$1,425.05 were received by related parties during the reporting period as set out below:

	\$
Hugh Pavitt	250.00
Evelyn Shea	125.00
Susan McCarthy	750.05
Gregory Sanderson	225.00
Janice Ryan	50.00
Amy Mergard	25.00
<b>Total</b>	<b>1,425.05</b>

### Related parties - transactions

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

# Notes to the financial statements (continued)

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## 16 KEY MANAGEMENT REMUNERATION

The total remuneration paid to key management personnel of the Company during the year was \$100,977 (2020: \$98,550).

## 17 CONTINGENCIES

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The impact of the pandemic is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions, economic sanctions imposed and additional economic stimulus which may be provided. The Directors are also unable to reasonably predict the short-term and long-term impact the pandemic has, or will have, on consumer behaviour and confidence, which may affect the Company's current and future financial performance.

The Franchise Agreement between Murrumboola Financial Services Limited and Bendigo and Adelaide Bank Limited expires on 12 March 2022. The Board has commenced initial discussions with Bendigo and Adelaide Bank Limited to renew the Franchise Agreement and associated licence fee for a further term of five (5) years. At this stage, the Board of Murrumboola Financial Services Limited have not been advised what the likely licence fee will be.

In the opinion of the Directors, the Company did not have any other contingencies at 30 June 2021 (30 June 2020: None).

## 18 EVENTS OCCURRING AFTER THE REPORTING DATE

The franchise branch ceased trading on Saturday mornings from 1 July 2021. The company continues to open 9.30am - 5.00pm on Mondays - Fridays.

The financial report was authorised for issue on 22 September 2021 by the Board of Directors.

No matters or circumstances (other than those disclosed under Note 17 Contingencies) have arisen since the end of the financial year which 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 financial years.

## 19 COMPANY DETAILS

The registered office and principal place of business of the Company is:

Murrumboola Financial Services Limited  
23 Neill Street  
HARDEN NSW 2587

# Directors' declaration

## DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2021

The Directors of Murrumboola Financial Services Limited declare that:

1. The financial statements and notes, as set out on pages 5 to 21 are in accordance with the *Corporations Act 2001* and:

(a) comply with Australian Accounting Standard and the *Corporations Regulations 2001* ; and

(b) give a true and fair view of the financial position as at 30 June 2021 and of the performance of the Company for the year then ended.

2. In the Directors opinion, 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.

Director .....  
Hugh Pavitt

Dated: 22 September 2021



# Independent audit report



## MURRIMBOOLA FINANCIAL SERVICES LIMITED ABN: 12 118 357 467

### INDEPENDENT AUDITOR'S REPORT

#### FOR THE YEAR ENDED 30 JUNE 2021

#### Report on the Audit of the Financial Report

##### Opinion

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

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, *Corporations Regulation 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 then ended; and
- (ii) complying with the 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*, *Corporations Regulation 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, *Corporations Regulation 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this independent auditor's report.

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

##### Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



**MURRIMBOOLA FINANCIAL SERVICES LIMITED**  
ABN: 12 118 357 467

**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**Responsibilities of the Directors for the Financial Report**

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

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

**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 independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



**MURRIMBOOLA FINANCIAL SERVICES LIMITED**  
ABN: 12 118 357 467

**INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 30 JUNE 2021**

**Auditor's Responsibilities for the Audit of the Financial Report (Continued)**

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

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**National Audits Group Pty Ltd**  
**Authorised Audit Company**

A handwritten signature in black ink, appearing to read 'DN', is placed above the name of the director.

**Danielle Nye**  
**Director**

**Dated: 23 September 2021**

**Wagga Wagga**

**Community Bank · Harden Murrumburrah**

23 Neill Street, Harden NSW 2587

Phone: 02 6386 5083 Fax: 02 6386 5110

Email: hardenmurrumburrahmailbox@bendigoadelaide.com.au

Web: bendigobank.com.au/harden\_murrumburrah

**Grenfell Agency**

Aston & Joyce, 124 Main Street, Grenfell NSW 2810

Phone: 02 6343 1500



/communitybankhardenmurrumburrah

Franchisee:

Murrumbidgee Financial Services Limited

ABN: 12 118 357 467

23 Neill Street, Harden NSW 2587

Phone: 02 6386 5083 Fax: 02 6386 5110

(BNPAR21074) (10/21)