2021 Annual Report

Parkdale/Mentone East Community Branch Limited

ABN 20 089 783 166

Community Bank · Parkdale

Contents

Chairman's report

For year ending 30 June 2021

I am pleased to report that Community Bank Parkdale was able to continue to sponsor all of our clubs and organisations in spite of the COVID-19 impact to the community. Total sponsorships, grants and donations for the last financial year amounted to $331,000.

The last financial year has been difficult with a continuation of record low interest rates and the ongoing COVID-19 pandemic. In spite of these impacts I am pleased to report a strong financial performance for Community Bank Parkdale for the year ended 30 June 2021. In an environment of low interest rates the margin on banking products has reduced significantly which has resulted in a 20% reduction in income for the year. Total banking income was $280,000 lower than last year. Significant reductions in occupancy costs and salaries relating to the closure of the Mentone East branch amounted to $255,000. For the year ended Parkdale/Mentone East Community Branch Ltd recorded a profit of $237,693 after tax compared to a loss of $116,124 recorded last financial year. The banking activity was very strong with a growth of $3.5 million in loans and $19.8 million in deposits.

Our community

Once again it has been a difficult year with the continuing effect of the COVID-19 pandemic having a big impact on our community. Both the summer and winter sporting competitions have been greatly impacted with reduced playing seasons and in some instances no competition at all. This has hampered the efforts of the local sporting clubs to generate revenue. I am pleased to report that Community Bank Parkdale was able to continue to sponsor all of our clubs and organisations in spite of the COVID-19 impact to the community. Total sponsorships, grants and donations for the last financial year amounted to $331,000.

A full list of the grants and sponsorships awarded during the year is detailed in the sponsorship section of this Annual Report.

The employment of a community liaison co-ordinator has enabled Community Bank Parkdale to build a stronger relationship with all of our community groups. We look forward to building on these relationships which should have a positive impact on the growth of Community Bank Parkdale from the local community.

Our strategy

The Board continues to manage the assets of Parkdale/Mentone East Community Branch Ltd to ensure that the company is able to generate strong profits to enable community funding to be maintained at current levels. The Board will continue to promote Community Bank Parkdale via our partner sponsors and social media to ensure that the local community is kept informed about the role Community Bank Parkdale plays within the local community.

The Board is committed to ensuring that shareholders returns via dividends are maintained on a yearly basis.

Our people

Over the last 12 months there have been a number of changes at Board level. Charles Opatha, Robert Wilson and Angela Gledhill have all retired form the Board. I would like to thank all of the retiring Directors for all of their work with the Board and wish them well in the future.

The Board has welcomed the appointments of Anna Worsnop, Michael Supple and Amanda Clifton as Directors to fill the positions that were created from the retirements.

The Board is committed to providing a safe working environment for our staff and customers. Once again we have been subjected to more outbreaks of the COVID-19 virus which Community Bank Parkdale has had to trade through. I am pleased to report that we have managed to continue to operate with a Covid-safe plan. Whilst there have been some minor changes to operating hours our dedicated staff have been able to continue to offer a high level of service within a safe environment.

Shareholders

The Board has declared a dividend of 10c per share fully franked to be paid in mid December 2021. The total dividend paid to shareholders is now in excess of $1.3 million since the branch opened. This represents a total return of $1.24 per share.

I would like to thank all of the shareholders for the ongoing support and the business that many of you transact at Community Bank Parkdale.

Yours faithfully

Stephen Budge
Chairman

Manager's report

For year ending 30 June 2021

The key driver of our business is our ability to support the local community, we love supporting as many and varied groups in the local area and in turn ask for their continued support.

For the year ending 30 June 2021 we saw huge growth in deposits, with lending figures also growing well. This has left us with the following book figures:

Parkdale

- Deposits - $190.709 million (increase of $19.791 million)
- Lending - $63.446 million (Increase of $3.524 million)

The value of our total book now stands at over $254.155 million.

Community Bank Parkdale has shown great resilience over the last financial year managing to grow both our deposit book and our lending book in a very difficult climate.

COVID-19 and lockdowns have changed the face of our business and have forced us to change the way in which we interact with our customers and community. With the influx of new staff into the team we have continued to provide our services through these challenging times and have finished the year in a great position.

This future year we are expecting the same type of lending growth as rates continue to drop to the lowest, they have ever been. Bendigo Bank has taken advantage of this and is offering competitive products which are attracting the market away from the bigger lenders. Deposits on the other hand are hard to predict as with low home loan rates we also have low deposit rates which may encourage customers to investigate other ways to increase their wealth.

As for COVID-19 and lockdowns Community Bank Parkdale will continue to stay open and serve our customers and communities as best as we can though this time. The way we do things may have changed as we go towards more digital options, but the branch will still be here through the lockdowns to support all customers who prefer a more personal type of banking.

The key driver of our business is our ability to support the local community, we love supporting as many and varied groups in the local area and in turn ask for their continued support.

We aim to continue seeking solid growth in our business, but we do recognise that we are currently operating in an area that is continually changing. Tighter lending, as well as low deposit rates, make it difficult to grow as rapidly as previous years. We will strive to continue to grow, while keeping the same standard of service that separates us from everyone else.

Robert Tracey
Branch Manager

Sponsorships 2020/21

COMMUNITY CONTRIBUTIONS
$331,000
contributed in 2020/21

During the 2020/21 financial year the company has supported a number of organisations within the community with a variety of projects as reported below.

Mordialloc Bowling Club	Upgrade bar facilities and sound PA System
Kingston Collective	Local Business and Community Awards
Old Mentonians	Equipment upgrades
Ronald Mcdonald House	Monash House self-contained unit for larger family or longer stay
Parkdale Gift	Sponsorship for the Gift
Parkdale Cricket Club	Trophies and awards
Parkdale Bowling Club	Branded facemasks
Mentone Edge Bowling Club	Renovate bar area and new carpet
Mentone Little Athletics	Financial hardship through COVID-19
Woodlands Golf Club	Help fund grass roots and elite sporting programs at the club
Parkdale United Cricket Club	Upgrades to club room kitchen
Stronger Communities	Printing and signage to raise awareness of their service within the community
Mordialloc Senior Netball Club	To help fund the redevelopment of facilities including scoreboard, equipment and shelters
Mordialloc Superules Football Club	Full set of new jumpers for Women's Supers Over 35s team with Bendigo Bank logos on the back
Mordialloc Football Club	Assistance with setting up an under 19 team. To set the team up with a full set of jumpers including Bendigo Bank logos
Acacia Avenue Preschool	Building of sensory garden including edible garden and indigenous plants to provide multiple learning activities for the children
Parkdale Bowling & Social Club	Upgrades to clubrooms including deck expansion
Old Mentonians Football Club	Employ coaching and training staff, cover costs to assist with mental health courses for players.
Beaumaris Soccer Club	Portable training goals for juniors
Mordialloc Sailing Club	Purchase of a cover for the community skiff rowing boat.
Parkdale Vultures Football Club	Major sponsor for three years 2021, 2022, 2023 seasons
Mordialloc Bowling Club	Update uniforms with advertising on the sleeve and back of polo
Mordialloc Sporting Club Women's Team	Update uniforms and provide new hoodies for the team
Mordialloc Junior Football Club	Training singlets for the junior team
St Bede's Mentone Tigers	Major sponsor for three years 2021, 2022, 2023 seasons



Top row L-R: Mentone Little Athletics, Parkdale Bowling & Social Club, Parkdale Vultures Football Club.
Bottom row L-R: Mordialloc Sailing Club, Mordialloc Sporting Club Women's Team, Parkdale Gift.



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:

Stephen Thomas Budge

Chairman

Occupation: Retired

Qualifications, experience and expertise: Bachelor Business and Certified Practicing Accountant (CPA). Over 40 years in accounting and financial management.

Special Responsibilities: Chair, Finance Committee, Strategic Planning Committee.

Interest in shares: 5,250 ordinary shares

Colin Watson

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Over 30 Years working in the banking industry. Owned and operated a small retail business for over 17 Years.

Special responsibilities: Sponsorship Committee.

Interest in shares: 8,000 ordinary shares

James Ashley Cashion

Non-executive director

Occupation: Accountant

Qualifications, experience and expertise: Initial career in Banking , Industry and Corporate Taxation. Member of the ASCPA's for 30 years; Registered Tax Agent 30 Years. Principal of James A Cashion CPA accounting practice for 25 years. Former school councillor of Mentone Primary School. He holds a Bachelor of Business and is a Certified Practising Accountant. Director of The Woodlands Foundation (Woodlands Golf Club).

Special responsibilities: Treasurer, Member of the Audit and Finance Committee.

Interest in shares: 5,000 ordinary shares

Angela Gledhill

Non-executive director

Occupation: Electorate Officer/Company Director

Qualifications, experience and expertise: Ange has a Master of Business Administration (MBA - Deakin). She is a company director of 47th Ouzzda P/L and an Electorate Officer for Parliament of Victoria.

Special responsibilities: Nil

Interest in shares: nil share interest held

Directors (continued)

Stacey Kaye Galloway

Non-executive director

Occupation: Business Manager

Qualifications, experience and expertise: Bachelor Multimedia Business Marketing. Currently employed at Kingswood Primary School. Cert 4 in Business. Completed Social Media Marketing training.

Special Responsibilities: Company Secretary.

Interest in shares: nil share interest held

Alan Campbell

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: B.Com (UPE), MBA (UNE), Adv Diploma Export Practice (RMIT), Diploma Company Directors (AICD). Forty years experience in diplomatic service and senior management roles in international trade and industry development in the public and private sectors.

Special Responsibilities: Strategic Planning, Audit and Finance & Governance and Policy Committees.

Interest in shares: nil share interest held

Robert Wilson

Non-executive director (resigned 11 January 2021)

Occupation: Financial Planner

Qualifications, experience and expertise: Robert was a trading banker from 1968 to 1976, an Investment Merchant Banker from 1976-1990 and a Financial Advisor from 1990 to current. Holds a Diploma of Financial Planning.

Special Responsibilities: Nil

Interest in shares: 51,448 ordinary shares

Michael Gerrard Supple

Non-executive director (appointed 27 May 2021)

Occupation: Retired

Qualifications, experience and expertise: Throughout Michaels career and community interests he has generally been recognised for his leadership roles, integrity, work ethic and the ability to build relationships to achieve effective outcomes in education, business and for the benefit of the community. He holds a Graduate Diploma in Education and Training and is also a qualified carpenter and joiner. He has taught both in the Technical School system and held the position as Trades Coordinator for Lend Lease Learning during the mid to late 1990's. Until he retired he was the Owner/Director of a small successful floor covering business. More recently as President of the Parkdale Bowls Club he has spent time building relationships with various groups within the area and by building relationships with the Kingston Council have sought to improve the club facilities for use within the community.

Special responsibilities: Nil

Interest in shares: nil share interest held

Anna Worsnop

Non-executive director (appointed 1 March 2021)

Occupation: Community Liaison Co-ordinator

Qualifications, experience and expertise: Australian Pacific Touring - Administration, Marketing Assistant. Parkdale Football Club - Club Manager. Let's Go Motorhomes - Consultant.

Special responsibilities: Nil

Interest in shares: nil share interest held

Directors (continued)

Amanda Clifton

Non-executive director (appointed 1 July 2021)

Occupation: Retail Marketing Manager

Qualifications, experience and expertise: Retail Marketing Manager for a large Bayside company. Over 18 years' experience in sales, business development and marketing. Tertiary qualifications in Marketing, Leadership and Management.

Special responsibilities: Sponsorship Committee.

Interest in shares: nil share interest held

Charles Ashen Opatha

Non-executive director (resigned 31 August 2020)

Occupation: Billings Officer

Qualifications, experience and expertise: Chartered Accountants Australia (CAANZ) - 2020 - Current. Graduate in Bachelor of Commerce - Majoring in Accounting Information Systems, Graduate Diploma of Commerce , Certificate III in Financial Services.

Special responsibilities: Sponsorship Committee and Board meeting minute taker.

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.

Company Secretary

There have been two company secretaries holding the position during the financial year:

- Stacey Kaye Galloway was appointed company secretary on 11 January 2021.
- Robert Wilson was appointed company secretary on 29 January 2018 and ceased on 11 January 2021.

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

This financial year's results are in line with expectations. The prior year operations have seen a loss for the financial year, due to the loss on disposal of Mentone East branch assets upon closure and the decrease in market value of investments held. The profit/(loss) of the company for the financial year after tax was:

Year ended 30 June 2021 $	Year ended 30 June 2020 $
237,693	(116,124)

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Stephen Thomas Budge	5,250	-	5,250
Colin Watson	8,000	-	8,000
James Ashley Cashion	5,000	-	5,000
Angela Gledhill	-	-	-
Stacey Kaye Galloway	-	-	-
Alan Campbell	-	-	-
Robert Wilson	51,448	-	51,448
Michael Gerrard Supple	-	-	-
Anna Worsnop	-	-	-
Amanda Clifton	-	-	-
Charles Ashen Opatha	-	-	-

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	10	126,807

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.

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

Directors' meetings

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

E - eligible to attend   A - number attended

	Board Meetings Attended	
	E	A
Stephen Thomas Budge	10	10
Colin Watson	10	9
James Ashley Cashion	10	10
Angela Gledhill	10	8
Stacey Kaye Galloway	10	10
Alan Campbell	10	10
Robert Wilson	4	1
Michael Gerrard Supple	4	4
Anna Worsnop	4	4
Amanda Clifton	-	-
Charles Ashen Opatha	-	-

Proceedings on behalf of the company

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

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

Non audit services

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

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

- all non-audit services have been reviewed 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 12.

Signed in accordance with a resolution of the directors at Parkdale, Victoria.

Stephen Thomas Budge,
Chairman

Dated this 31st day of August 2021

Auditor's independence declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Parkdale/Mentone East Community Branch Ltd

As lead auditor for the audit of Parkdale/Mentone East Community Branch Ltd 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: 31 August 2021

Adrian Downing
Lead Auditor

Financial statements

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

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	1,066,491	1,346,219
Other revenue	9	53,609	142,307
Finance income	10	1,946	3,783
Employee benefit expenses	11b)	(491,434)	(646,076)
Charitable donations, sponsorship, advertising and promotion		(331,204)	(120,238)
Occupancy and associated costs		(53,713)	(152,964)
Systems costs		(21,617)	(49,896)
Depreciation and amortisation expense	11a)	(42,764)	(50,211)
General administration expenses		(118,658)	(185,345)
Other expenses	11e)	-	(177,793)
Fair value gains/(losses) on investments	12	177,479	(232,110)
Profit/(loss) before income tax (expense)/credit		**240,135**	**(122,324)**
Income tax (expense)/credit	13a)	(2,442)	6,200
Profit/(loss) after income tax (expense)/credit		**237,693**	**(116,124)**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**237,693**	**(116,124)**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings/(loss) per share:	30a)	18.74	(9.16)

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	14	568,785	348,971
Trade and other receivables	16a)	86,948	113,327
Current tax assets	19a)	15,369	4,880
Other investments	15a)	836,690	657,275
Total current assets		**1,507,792**	**1,124,453**
Non-current assets			
Property, plant and equipment	17a)	910,583	938,079
Intangible assets	18a)	57,219	7,710
Deferred tax asset	19b)	15,726	25,511
Total non-current assets		**983,528**	**971,300**
Total assets		**2,491,320**	**2,095,753**
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	328,835	87,246
Loans and borrowings	21a)	460	318
Employee benefits	22a)	69,464	73,813
Total current liabilities		**398,759**	**161,377**
Non-current liabilities			
Trade and other payables	20a)	45,294	-
Employee benefits	22b)	3,507	1,502
Total non-current liabilities		**48,801**	**1,502**
Total liabilities		**447,560**	**162,879**
Net assets		**2,043,760**	**1,932,874**
EQUITY			
Issued capital	23a)	996,950	996,950
Retained earnings	24	1,046,810	935,924
Total equity		**2,043,760**	**1,932,874**

The accompanying notes form part of these financial statements.

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

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2019		996,950	1,178,855	2,175,805
Total comprehensive income for the year		-	(116,124)	(116,124)
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(126,807)	(126,807)
Balance at 30 June 2020		**996,950**	**935,924**	**1,932,874**
Balance at 1 July 2020		996,950	935,924	1,932,874
Total comprehensive income for the year		-	237,693	237,693
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(126,807)	(126,807)
Balance at 30 June 2021		**996,950**	**1,046,810**	**2,043,760**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		1,233,833	1,636,222
Payments to suppliers and employees		(880,619)	(1,199,785)
Interest received		2,205	4,100
Interest paid		(22)	(16)
Lease payments not included in the measurement of lease liabilities	11c)	(8,013)	(117,643)
Dividends received		16,109	37,832
Income taxes received/(paid)		(3,146)	27,188
Net cash provided by operating activities	**25**	**360,347**	**387,898**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(188,463)
Payments for intangible assets		(13,726)	(18,318)
Net cash used in investing activities		**(13,726)**	**(206,781)**
Cash flows from financing activities			
Dividends paid	29a)	(126,807)	(126,807)
Net cash used in financing activities		**(126,807)**	**(126,807)**
Net cash increase in cash held		**219,814**	**54,310**
Cash and cash equivalents at the beginning of the financial year		348,971	294,661
Cash and cash equivalents at the end of the financial year	**14**	**568,785**	**348,971**

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 Parkdale/Mentone East Community Branch Ltd (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	**Principal Place of Business**
228 Como Parade West Parkdale VIC 3195	228 Como Parade West Parkdale VIC 3195

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

Note 2 Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 31 August 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 4 Summary of significant accounting policies (continued)

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 stream	Revenue recognition policy
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
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.

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.

Note 4 Summary of significant accounting policies (continued)

c) Economic dependency - Bendigo Bank (continued)

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

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

d) Employee benefits

Short-term employee benefits

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

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

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 and diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

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

Asset class	Method	Useful life
Building improvements	Straight-line	4 to 25 years
Plant and equipment	Straight-line and diminishing value	1 to 10 years
Furniture and fittings	Diminishing value	3 to 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 include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

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

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

Note 4 Summary of significant accounting policies (continued)

h) Intangible assets (continued)

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

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

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

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings and equity securities (shares, managed funds, ETFs).

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, except for the equity securities which remain at fair value through profit or loss (FVTPL).

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

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

At each reporting date, the company reviews the carrying 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.

Note 4 Summary of significant accounting policies (continued)

l) Provisions (continued)

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

m) Leases

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.

n) Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

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) 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 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 26 - fair value	determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
- Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 22 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;

Note 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.

Note 6 Financial risk management (continued)

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.

The company maintains the following lines of credit with Bendigo Bank:

- $460 commercial loan with available facility of $68,722 as at 30 June 2021. Interest is payable at a rate of 5.64% (2020: 6.28%)

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
Bank loans	460	460	-	-
Trade and other payables	374,129	328,835	45,294	-
	374,589	**329,295**	**45,294**	**-**

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
Bank loans	318	318	-	-
Trade and other payables	87,246	87,246	-	-
	87,564	**87,564**	**-**	**-**

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 primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

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

Sensitivity analysis - equity price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognise through profit or loss.

Note 6 Financial risk management (continued)

c) Market risk (continued)

Sensitivity analysis - equity price risk (continued)

	2021 $		2020 $	
	10% increase	10% decrease	10% increase	10% decrease
Equity securities	**83,669**	**(83,669)**	**65,728**	**(65,728)**

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 $568,785 at 30 June 2021 (2020: $348,971). 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) 20% 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.

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	931,080	1,189,048
- Fee income	77,174	98,306
- Commission income	58,237	58,865
	1,066,491	**1,346,219**

Notes to the financial statements (continued)

Note 9 Other revenue

	2021 $	2020 $
- Dividend and distribution income	16,109	37,832
- Market development fund income	-	41,875
- Cash flow boost	37,500	62,500
- Other income	-	100
	53,609	**142,307**

Note 10 Finance income

	2021 $	2020 $
- Term deposits	**1,946**	**3,783**

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

Note 11 Expenses

	2021 $	2020 $
a) Depreciation and amortisation expense		
Depreciation of non-current assets:		
- Building improvements	20,418	15,769
- Plant and equipment	7,063	9,624
- Furniture and fittings	15	65
	27,496	**25,458**
Amortisation of intangible assets:		
- Franchise fee	2,573	4,154
- Franchise renewal process fee	12,695	20,599
	15,268	**24,753**
Total depreciation and amortisation expense	**42,764**	**50,211**
b) Employee benefit expenses		
Wages and salaries	443,174	584,909
Contributions to defined contribution plans	40,022	47,368
Expenses related to long service leave	(10,816)	(22,873)
Other expenses	19,054	36,672
	491,434	**646,076**

Note 11 Expenses (continued)

c) 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.

The company leased the Mentone East Branch premises which ceased trading on 29 February 2020. The remaining term had been assessed as less than 12 months and exempted from recognition under AASB 16 accounting. Expenses relating to short-term exempt leases are included in occupancy and associated costs expenses.

	2021 $	2020 $
Expenses relating to low-value leases	8,013	22,349
Expenses relating to short-term leases	31,979	95,294
	39,992	**117,643**

d) Other expenses		
- Loss on disposal of Mentone East branch assets	**-**	**177,793**

Note 12 Fair value gains/(losses) on investments

	2021 $	2020 $
- At FVTPL - equity instruments	**177,479**	**(232,110)**

These amounts relate to the increase and decrease in the market value of investments held by the company.

Note 13 Income tax expense

	2021 $	2020 $
a) Amounts recognised in profit or loss		
Current tax expense/(credit)		
- Current tax	616	-
- Recoupment of prior year tax losses	8,075	-
- Future income tax benefit attributable to losses	-	(7,343)
- Net benefit of franking credits on dividends received	(616)	-
- Movement in deferred tax	(804)	24,615
- Excess franking credits converted to tax losses	(5,458)	(14,313)
- Adjustment to deferred tax to reflect reduction of tax rate in future periods.	629	1,472
- Changes in estimates related to prior years	-	(10,631)
	2,442	**(6,200)**

Note 13 Income tax expense (continued)

	2021 $	2020 $
b) Prima facie income tax reconciliation		
Operating profit/(loss) before taxation	240,135	(122,324)
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	62,435	(33,639)
Tax effect of:		
- Non-deductible expenses	168	332
- Non-assessable income	(9,750)	(17,188)
- Temporary differences	(46,142)	39,215
- Other assessable income	1,579	3,937
- Movement in deferred tax	(804)	24,615
- Net benefit of franking credits on distributions received	(616)	-
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	629	1,472
- Variance in tax rate applied to losses carried back	401	-
- Excess franking credits converted to tax losses	(5,458)	(14,313)
- Over provision of income tax in the prior year	-	(10,631)
	2,442	**(6,200)**

Note 14 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	568,785	335,036
- Term deposits	-	13,935
	568,785	**348,971**

Note 15 Other investments

	2021 $	2020 $
a) Current investments		
Equity securities - at FVTPL	**836,690**	**657,275**

The company holds multiple investments with various ASX listed companies. The primary goal of the company's other investments is to hold the investments for the long term for strategic purposes.

Note 16 Trade and other receivables

	2021 $	2020 $
a) Current assets		
Trade receivables	79,159	104,201
Prepayments	7,789	8,867
Other receivables and accruals	-	259
	86,948	**113,327**

Note 17 Property, plant and equipment

	2021 $	2020 $
a) Carrying amounts		
Land		
At fair value	**356,307**	**356,307**
Buildings		
At fair value	**405,847**	**405,847**
Building improvements		
At cost	224,781	224,781
Less: accumulated depreciation	(88,514)	(68,096)
	136,267	**156,685**
Plant and equipment		
At cost	76,312	76,312
Less: accumulated depreciation	(64,181)	(57,118)
	12,131	**19,194**
Furniture and fittings		
At cost	13,312	13,312
Less: accumulated depreciation	(13,281)	(13,266)
	31	**46**
Total written down amount	**910,583**	**938,079**

b) Reconciliation of carrying amounts		
Land		
Carrying amount at beginning	**356,307**	**356,307**
Buildings		
Carrying amount at beginning	**405,847**	**405,847**
Building improvements		
Carrying amount at beginning	156,685	180,913
Additions	-	167,317
Disposals	-	(175,776)
Depreciation	(20,418)	(15,769)
	136,267	**156,685**
Plant and equipment		
Carrying amount at beginning	19,194	9,313
Additions	-	21,146
Disposals	-	(1,641)
Depreciation	(7,063)	(9,624)
	12,131	**19,194**
Furniture and fittings		
Carrying amount at beginning	46	487
Disposals	-	(376)
Depreciation	(15)	(65)
	31	**46**
Total written down amount	**910,583**	**938,079**

Note 17 Property, plant and equipment (continued)

c) Changes in estimates

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

d) Fair value

The fair value of the land and buildings was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's investment property portfolio every 3 to 5 years.

The company's 348 Galston Road, Galston property was independently valued by M J Davis Realty Appraisals on 27 March 2017.

Note 18 Intangible assets

	2021 $	2020 $
a) Carrying amounts		
Franchise fee - Parkdale		
At cost	22,093	11,296
Less: accumulated amortisation	(12,557)	(9,983)
	9,536	**1,313**
Franchise renewal process fee - Parkdale		
At cost	110,465	56,484
Less: accumulated amortisation	(62,782)	(50,087)
	47,683	**6,397**
Total written down amount	**57,219**	**7,710**

	2021 $	2020 $
b) Reconciliation of carrying amounts		
Franchise fee - Parkdale		
Carrying amount at beginning	1,313	3,669
Additions	10,796	-
Amortisation	(2,573)	(2,356)
	9,536	**1,313**
Franchise fee - Mentone East		
Carrying amount at beginning	-	3,669
Disposals	-	(1,871)
Amortisation	-	(1,798)
	-	**-**
Franchise renewal process fee - Parkdale		
Carrying amount at beginning	6,397	18,176
Additions	53,981	-
Amortisation	(12,695)	(11,779)
	47,683	**6,397**
Franchise renewal process fee - Mentone East		
Carrying amount at beginning	-	18,176
Disposals	-	(9,356)
Amortisation	-	(8,820)
	-	**-**
Total written down amount	**57,219**	**7,710**

Note 18 Intangible assets (continued)

b) Reconciliation of carrying amounts (continued)

During the financial year, Parkdale franchise fee was renewed. This will be amortised over the next five years to November 2025.

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 19 Tax assets and liabilities

	2021 $	2020 $
a) Current tax		
Income tax refundable	**15,369**	**4,880**
b) Deferred tax		
Deferred tax assets		
- expense accruals	775	780
- employee provisions	18,243	19,582
- carried-forward tax losses	5,248	20,475
Total deferred tax assets	**24,266**	**40,837**
Deferred tax liabilities		
- income accruals	-	67
- property, plant and equipment	8,540	15,259
Total deferred tax liabilities	**8,540**	**15,326**
Net deferred tax assets (liabilities)	**15,726**	**25,511**
Movement in deferred tax	**(9,785)**	**(4,432)**
Income tax refundable applicable to losses carried back	**7,343**	**-**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**(2,442)**	**(4,432)**

Note 20 Trade creditors and other payables

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

	2021 $	2020 $
a) Current liabilities		
Trade creditors	268,138	23,737
Other creditors and accruals	60,697	63,509
	328,835	**87,246**
b) Non-current liabilities		
Other creditors and accruals	**45,294**	**-**

Note 21 Loans and borrowings

	2021 $	2020 $
a) Current liabilities		
Current portion of secured bank loans	**460**	**318**

b) Terms and repayment schedule

			30 June 2021		30 June 2020	
	Weighted Average Interest Rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Secured bank loans	5.64%	Floating	460	460	318	318

Note 22 Employee benefits

	2021 $	2020 $
a) Current liabilities		
Provision for annual leave	38,317	28,605
Provision for long service leave	31,147	45,208
	69,464	**73,813**
b) Non-current liabilities		
Provision for long service leave	**3,507**	**1,502**

c) Key judgement and assumptions

Employee attrition rates

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

Note 23 Issued capital

	2021		2020	
	Number	$	Number	$
a) Issued capital				
Ordinary shares - fully paid	996,950	996,950	996,950	996,950
Bonus shares - fully paid (10:7)	271,122	-	271,122	-
	1,268,072	**996,950**	**1,268,072**	**996,950**

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.

Note 23 Issued capital (continued)

b) Rights attached to issued capital (continued)

Ordinary shares (continued)

Voting rights (continued)

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").

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

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

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

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

Note 24 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		935,924	1,178,855
Net profit (loss) after tax from ordinary activities		237,693	(116,124)
Dividends provided for or paid	29a)	(126,807)	(126,807)
Balance at end of reporting period		**1,046,810**	**935,924**

Note 25 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit (loss) after tax from ordinary activities	237,693	(116,124)
Adjustments for:		
- Depreciation	27,496	25,458
- Amortisation	15,268	24,753
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	(179,415)	232,110
- (Profit)/loss on disposal of non-current assets	-	177,793
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	26,380	16,387
- (Increase)/decrease in other assets	(704)	16,553
- Increase/(decrease) in trade and other payables	235,973	32,208
- Increase/(decrease) in employee benefits	(2,344)	(21,240)
Net cash flows provided by operating activities	**360,347**	**387,898**

Note 26 Financial instruments - fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.

		Carrying amount				Fair value level	
		2021 $	2021 $	2020 $	2020 $	2021 $	2020 $
	Note	FVTPL	At amortised cost	FVTPL	At amortised cost	Level 1	Level 1
Financial assets measured at fair value:							
Equity securities	**15**	**836,690**	**-**	**657,275**	**-**	**836,690**	**657,275**
Financial assets not measured at fair value:							
Trade and other receivables	16	-	86,948	-	113,327	-	-
Cash and cash equivalents	14	-	568,785	-	335,036	-	-
Term deposits	14	-	-	-	13,935	-	-
		-	**655,733**	**-**	**462,298**	**-**	**-**
Financial liabilities not measured at fair value:							
Trade and other payables	20	-	374,129	-	87,246	-	-
Secured bank loans	21	-	460	-	318	-	-
		-	**374,589**	**-**	**87,564**	**-**	**-**

Valuation techniques and significant unobservable inputs

There were no Level 2 or Level 3 classifications held during the relevant financial years.

Transfers between Levels 1 and 2

There were no transfers between Level 1 and Level 2 during the financial year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the financial year.

Notes to the financial statements (continued)

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	2,500	2,530
Total auditor's remuneration	**8,100**	**7,930**

Note 28 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Stephen Thomas Budge
Colin Watson
James Ashley Cashion
Angela Gledhill
Stacey Kaye Galloway
Alan Campbell
Robert Wilson
Mick Supple
Anna Worsnop
Amanda Clifton
Charles Ashen Opatha

b) Key management personnel compensation

	2021 $	2020 $
Key management personnel compensation comprised the following.		
Short-term employee benefits	**35,000**	**36,000**

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

c) Related party transactions

No director or related entity has entered into a material contract with the company.

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	**10**	**126,807**	**10**	**126,807**

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

Note 29 Dividends provided for or paid (continued)

	2021 $	2020 $
b) Franking account balance		
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	485,105	546,079
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	(4,880)	(32,068)
- Franking credits from franked distributions received	6,074	14,313
- Franking debits from the payment of franked distributions	(44,554)	(48,099)
- Franking debits from the payment of income tax instalments	8,026	4,880
Franking account balance at the end of the financial year	**449,771**	**485,105**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(15,369)	(4,880)
Franking credits available for future reporting periods	**434,402**	**480,225**

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

Note 30 Earnings per share

a) 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/(loss) attributable to ordinary shareholders	237,693	(116,124)
	Number	Number
Weighted-average number of ordinary shares	1,268,072	1,268,072
	Cents	Cents
Basic and diluted earnings/(loss) per share	18.74	(9.16)

Note 31 Commitments

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

Note 32 Contingencies

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

Note 33 Subsequent events

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

Directors' declaration

In accordance with a resolution of the directors of Parkdale/Mentone East Community Branch Ltd, 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.

Stephen Thomas Budge,
Chairman

Dated this 31st day of August 2021

Independent audit report

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afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Parkdale/Mentone East Community Branch Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Parkdale/Mentone East Community Branch Ltd'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 Parkdale/Mentone East Community Branch Ltd, 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.

Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

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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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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: 31 August 2021

Adrian Downing
Lead Auditor

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