



Annual Report

30 June 2021



Picton & District Community
Enterprises Limited

ABN 73 145 546 121

Community Bank Picton & District

About Community Bank

A Community Bank branch is a locally owned and operated company, which functions as a franchise of Bendigo and Adelaide Bank. The Bank provides the coverage of its banking licence, a full range of banking products, training of staff and ongoing support.

Depositors are protected by the Bank's imposing track record when it comes to the security of depositors' funds. We are one of Australia's oldest financial institutions, we have operated since 1858 and have declared a profit in every year and we have without fail honoured our depositors.

The Bank and the community company are each entitled to agreed portions of the revenue of the local Community Bank branch and the local company is responsible for paying branch running costs.

When the local company begins to make a regular operating surplus, after the payment of branch running costs, and the Bank's share of the revenue is received, the remaining funds are available to be reinvested back into the community through dividends to shareholders and grants to community groups and projects.

Annual Report

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Picton & District Community Enterprises Ltd.

WHAT WE WANT TO BE?

- At the forefront of peoples mind with banking and community involvement
- A profitable Community Bank and a Bank of choice
- Be invited as part of the community
- We want to be connected and engaged

WHAT IS OUR REASON FOR BEING?

To assist and strengthen our community

Our key strategies...

We Will:	By:
Support and develop the potential and growth of directors and staff	recognising achievements, maximising skills and staff retention
Develop a cohesive marketing strategy	extending our reach through a multi-media marketing campaign
Improve our engagement with shareholders customers and our community	increasing our presence in the community
Be an ethical, transparent and compliant organisation	implementing good governance practices
Grow the business	supporting the business plan.

About us...

Community Bank Picton & District Branch opened its doors in 2011.

Starting off as a small business, we have grown steadily each year. Ten years on we continue to provide local banking with quality customer service. We are proud to support our community with funds and involvement. To get this far is a real milestone and testament to the commitment and support of the Picton and district local community.

The branch contributes profits back to the community through its sponsorships & grants program found on page 16 of this Annual Report. The program assists local community groups with a wide range of projects, events and initiatives.

Shares are available to invest in our company and we have been working hard towards being able to provide a dividend for our shareholders.

We are pleased to be able to provide a great opportunity to be a part of a local business with a sustainable future. We employ local people and support our local community.

Our People...

Chair:
Tristan Triffitt



Deputy Chair:
Evelyn Szumski



Treasurer:
Leanne Anderson



Company Secretary:
Ally Dench



Director:
Tia Veech



Director:
Phil Digger



Director:
Josh Muller



Director:
Louise Sparkes



Director:
Linda Difrancesco



Our Staff...

Branch Manager:
Steve Homann



**Customer Relationship
Manager:**
Rebecca Robertson



**Customer
Service Officer:**
Mandy Hunt



**Customer
Service Officer:**
Emma Hawkins



**Customer
Service Officer:**
Julie Bird



Chairperson's Message...

30 June 2021

The year 2020-21 has been a year for the history books, not only in Australia but for the entire world. We have experienced uncharted territory globally, and this has changed the way we all live. As the current Chair I am extremely proud of our resilient staff, who have taken their roles to a new level. They helped see us power through these times, allowing us to remain profitable and again paid dividends to our wonderful shareholders. So to all our staff I personally thank each and every one of you.

As a board we made a strategic decision to create further growth from our already positive position by creating a number of new roles within the branch, allowing us the opportunity to be more profitable and sustainable. From this change we saw our Branch Manager Steve Homann move into a mobile lender role, creating more exposure and allowing customers the comfort of Steve processing loan applications in their own home. As Steve moved out of the branch, we engaged Belinda Dyson as our new Branch Operations Manager and she has really excelled in her role. This is reflected through all the positive feedback we are receiving, not only from our staff but also our customers.


Mandy Hunt, one of our core staff members end her time with the branch to begin a new chapter in her working career, with employment closer to home. Mandy dedicated 8 ½ years to us and will be sadly missed around the branch.

With this, we have seen both Emma & Julie really shine in their roles. They have embraced the new branch opening hours by utilising the time from 4pm each day to create new business, improve their skills with training, and assist Steve & Belinda with their roles, to place us in a strong position moving forward.

I would also like to make a special mention to outgoing board member, Linda Difrancesco. Linda is well known in the community and she dedicated many hours to our community bank from the very beginning. She has played a significant role in making us who we are today. Linda has stepped down from the board to focus on other aspects of her life but will remain a great ambassador for the branch.

We have exciting times ahead as a company with the magnitude of developments in the area creating more opportunity for business, and with our dynamic team a leading brand across Macarthur. I would like to close with thanking all shareholders, loyal customers, staff and fellow board members for their support and to say I am excited about the direction in which we are heading in for the future.

Stay safe,



Tristan Triffitt, Chairperson

Directors Report...

Your directors submit the financial statements of the company for the financial year ended 30 June 2021. The names and details of the company's directors who held office during or since the end of the financial year are as follows:

Tristan Triffitt

Chairperson

Occupation: Real Estate Agent

Qualifications, experience and expertise: Being heavily involved in Real Estate for over 16 years, Tristan Triffitt has achieved truly outstanding results. In his first year as an agent, he sold a record number of properties. He was recognised by the Real Estate Institute of NSW for award of excellence. Every year since, Tristan has been awarded with a Top Salesperson award from his peers in the industry; this is a record that few can match. Today, Tristan is the Director and Licensee in Charge at Exclusive Estate Agents. Not only is he a fully licensed real estate agent, he's also a licensed auctioneer, licensed stock and station agent and even a qualified real estate trainer. Given all this, Tristan is able to offer superb service to clients wishing to sell their home. Buyers also benefit dealing with Tristan. His knowledge of the local market allows him to provide sound advice to buyers and he is quick to advise when new listings become available.

Special responsibilities: Marketing Committee

Interest in shares: Nil

Evelyn Szumski

Deputy Chairperson

Occupation: Coach and Trainer

Qualifications, experience and expertise: Holding key management and leadership roles within the Telstra corporation for 23 years, Evelyn was regarded as the 'go to' person on a range of corporate areas including employee coaching, mentoring, employee rights, nationwide policies, procedures and rollout of systems, demonstrating the high regard held for her by the Telstra Corporation. She also specialises in coaching business owners and company CEOs. Evelyn helps business owners identify their goals, understand and formalise them and strategize the implementation of achieving these goals in simple, easy to manage steps over allocated time frames and she practices brain-based coaching being an authorised YB12 coach. She is also an accredited SEI EQ Assessor. Six Seconds Certified EQ Assessor, YB12 Coach Authorisation, Neuro leadership coaching accreditation, Executive coach Master Business accelerator, Certified Leading Dimensions Profiler, Cert IV TAE, Diploma of Management, Deakin University - Team leader development program, Diploma of Business Administration.

Special responsibilities: Governance and Marketing Committee.

Interest in shares: Nil

Leanne Maree Anderson

Treasurer

Occupation: Licensed Conveyancer

Qualifications, experience and expertise: Worked in a legal practice for over 38 years. Volunteer Fire Fighter with Thirlmere Brigade. Treasurer for last 5 years with Thirlmere Fire Brigade. Volunteered for Thirlmere Roosters Footy Club for 10 years.

Special responsibilities: Governance and Finance Committee

Interest in shares: 1,000

Alison Nancy Dench

Company Secretary

Occupation: Executive Director, Local Government

Qualifications, experience and expertise: B. Social Science & BA Hons Politics. Over 26 years' experience in the human and community services sectors holding various roles in government and non-government services. Experience in direct care, service management, service delivery and policy development. Current Executive Director Community and Corporate with Wollondilly Shire Council.

Special responsibilities: Company Secretary and Governance committee.

Interest in shares: 1,501

Directors (continued)

Phillip Lee Digger

Director

Occupation: Small Business Owner

Qualifications, experience and expertise: Upholsterer, Carpet Sales and Flooring layer. Life member of Picton Rugby League Football Club. Tafe in Upholstery & Carpet Laying.

Special responsibilities: Nil

Interest in shares: 2,001

Josephus Huibertus Muller

Director

Occupation: Retired

Qualifications, experience and expertise: Teaching Certificate (Wagga Wagga Teachers College 1972), Bachelor of Financial Administration (UNE 1986) and Cert IV in Human Resources 2011 Macarthur TAFE. Has worked as a management accountant for New Zealand company, Ceramco, during 1984-90. Has helped form and subsequently manage a worker co-operative that functioned successfully for eleven years. During that period was appointed as a director of the Australian Co-Operatives Association. Is currently serving as a Secretary/Treasurer of Buxton Rural Fire Brigade having held the position for the past nine years.

Special responsibilities: Finance Committee; Governance Committee

Interest in shares: 500

Tia Louise Veech

Director

Occupation: Self-employed

Qualifications, experience and expertise: Aromatherapist currently self-employed. Market Organiser - Wollondilly Markets, Light Up the Oaks & Time Travelers World Fair. Previously: Family Day Care operator, clerical positions and various direct sales positions. Currently helping with the Dilly Drought Drive. Involved in local women's networking groups and admin on a variety of local community and networking Facebook pages.

Other former directorships: Our Community Pantry

Special Responsibilities: Marketing Committee

Interest in shares: 2,000

Linda Maree Difrancesco

Director

Occupation: Director

Qualifications, experience and expertise: Director of Sydney West Furniture Repairs. Began career in retail management before opening her own furniture and repairs restoration business in 1994. Has lived in Wollondilly since 2001 and worked for a local real estate agent. Is a Parramatta advocate for her local community.

Special responsibilities: Marketing Committee.

Interest in shares: 10,000

Louise Sparkes

Director

Occupation: Self-Employed

Qualifications, experience and expertise: Marketing Experience for the past 10 years with a genuine love for connecting people and brands. Louise's passion and experience is in marketing and making connections between businesses. Through the delivery of social media and marketing services Louise builds upon opportunities to showcase and enhance businesses to help them develop their full potential.

Louise is also a member of the Youth Solutions Fundraising Committee.

Special responsibilities: Marketing Committee.

Interest in shares: Nil

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

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

Company Secretary

The company secretary is Alison Nancy Dench. Alison was appointed to the position of secretary on 2 August 2010.

Qualifications, experience and expertise: B. Social Science & BA Hons Politics. Over 26 years in the human and community services sectors holding various roles within government and non-government agencies. Experience in direct care, service management and delivery and policy development. Current Executive Director Community Services and Corporate Support at Wollondilly Shire Council.

Principal Activities

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

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

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
43,235	144,918

Dividends

	Year ended 30 June 2020	
	Cents	\$
Dividends paid in the year	5	44,225

Significant changes in the state of affairs

In the opinion of the directors there were no 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.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended					
			Governance & HR		Marketing		Finance	
	A	B	A	B	A	B	A	B
Tia Louise Veech	8	7	-	-	9	7	-	-
Josephus Huibertus Muller	8	6	10	9	-	-	11	6
Alison Nancy Dench	8	6	10	10	-	-	-	-
Philip Lee Digger	8	3	-	-	-	-	-	-
Evelyn Szumski	8	7	10	10	9	6	-	-
Linda Maree Difrancesco	5	1	-	-	7	1	-	-
Tristan Triffitt	8	6	-	-	9	7	11	2
Leanne Maree Anderson	8	5	10	9	-	-	11	11
Louise Sparkes	5	3	-	-	9	8	-	-

A – eligible to attend

B – number attended

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 the notes to the accounts.

The board of directors has considered the position, in accordance with the advice received from the finance committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

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

Auditor's independence declaration



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 Picton & District Community Enterprises Limited

As lead auditor for the audit of Picton & District Community Enterprises Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 6 September 2021

Adrian Downing
Lead Auditor



Managers' report... Financial Year 2020/21

The year that was.... WOW we saw some big changes, hard times and good times throughout the past 12 months.

Following on from the previous year, Covid-19 continues to cause restrictions to our working and personal lives. While everyone has been affected by the virus, Bendigo Bank Picton has remained open and continues to offer full financial services and support to our valued clients.

The pandemic has also seen a change in the way our clients prefer to do their Banking with more and more customers utilising our internet banking system rather than face to face contact. As a result of this change, we have reviewed the demand of in branch service and have adjusted our opening hours. We are now open Monday to Friday 9.30 am to 4pm with Saturday trading ceasing in July. The feedback from our in-branch clients has been very positive and supportive of the change.

The year also saw a change in our staffing and the structure of the Branch. Personally, I would like to say a big thank you to Mandy Hunt our Senior Customer Service Officer, who was with us for 8 years, a strong supporter of the Bank and a driving force behind our success over the years, Mandy left us to take up a position closer to her home of Goulburn. Thank you again Mandy.

Rebecca Robertson's secondment ended after 2.5 years and I would also like to thank her, for her assistance and hard work during her time with us. She has returned to her role at Parramatta Branch.

We also welcomed Belinda Dyson to our staff, in the position of Branch Operations Manager which is a new role in the Branch. Belinda will take control of the day-to-day operations, growth, and development of the Branch and is looking forward to meeting all customers and businesses in the local area.

Our point of difference is our customer service which makes us a stand-out amongst competitors who are leaning towards a more online and machine-based approach. Emma Hawkins and Julie Bird, our Customer Service Officers are the face and personalities of Bendigo Bank Picton. These two ladies treat customers like family, they are compassionate, and they care! The girls often greet customers by name which is a testament to their service and level of engagement. Emma and Julie have good links within the community and understand that every interaction is a chance to strengthen and develop that relationship. Trust is a key to many decisions including where you want to bank! The girls have been able to develop strong relationships whereby our customers respect their level of general advice and know that they have their best interest at heart. No problem is too big or too small, as they do their very best to provide a solution in a timely manner. This cements why locals should consider banking with a community branch with local staff.

My role includes Mobile Relationship Manager, another new position, and I look forward to growing the business and continuing to offer that individual service to our clients, their family, and friends.

The Branch has also achieved recognition of our high level of customers service, with us again being nominated in the Wollondilly Business Awards, Outstanding Professional Service Category and making the finals. The team is looking forward to the presentation night to see if we take out the award for a third time.

Financially, sufficient cashflow is being generated to meet Administration and operating costs. The business is self-funded which is a fantastic situation to be in as far as a profitable situation and return on investment to shareholders.

There is still room for improvement. Last year saw any lending growth depleted by discharges and amortisation of debt. There are a few fundamentals to consider which resulted in this position. The branch has a mature lending book. It is an extremely competitive market with our competitors offering cash backs to entice business. The National COVID crisis has affected many businesses plus

economically we are in a low interest rate environment. Deposit growth remained strong with a marginal net growth position recorded.

With a change in Branch structure has Management now focused on business retention, reduced administration costs and the need to drive the acquisition of New Business.

I would like to acknowledge the unwavering support and the hard work of our Board of Directors, welcoming Tristan Triffitt into the role of Chairperson, Ally Dench Secretary and Leanne Anderson as Treasurer, plus board members Evelyn Szumski, Tia Veech, Phil Digger, Josh Muller and our newest member Louise Sparkes and support staff Leanne Garrett and Fern Rice.

Finally, a big thank you to all customers who support our branch! Without you we would not have a successful business.

Steve Homann

Branch Manager (2020-2021)



We are growing...

Ten years on and we continue to grow. This year the board put some considerable time into looking at our growth and where we want to be for the future. The strategic plan continues to evolve and we have reviewed the structure of our branch to ensure we meet the need of our customers and shareholders and to focus on grabbing the opportunities to enable our growth into the future.

A big thanks to Evelyn Szumski our previous Chairperson who lead the way with the vision, restructuring and implementation process. It now has the Bank in the best position to maximize the growth opportunities of our region over the years to come. This change has brought on our new Branch operations manager who is 100% community-focused and allowing our previous Branch manager to focus solely on growing our business. This is already showing greater exposure and visibility of our brand which in turn will lead to more customers so we can give more back to our community. This is a legacy for Evelyn that we know she is very proud of and will serve our community well for many years to come. As a result the branch has expanded by employing a New Branch Operations Manager and a Mobile Lending Manager.

We would like to congratulate Belinda Dyson our new Branch Operations Manager and Steve Homann our new Mobile Lending Manager on their successful recruitment to the team and look forward to some great achievements for the Community and our shareholders.



Belinda Dyson –Community Picton & District Bank Branch Operations Manager

Belinda started in the role of Business Operations Manager at our Picton Branch in May 2021.

Belinda has extensive leadership, business development, lending background and branch operational experience which were developed across a number of senior roles whilst employed at the Big 4's & Mid-Tier Banks.

After a career break of some 10 years, Belinda was keen to re-enter the Finance Industry on the grounds that she worked for a Community branch whose main focus was to support the local Community.

Steve Homann - Community Bank Picton & District Branch Mobile Manager

Steve Homann has been a staff member of the community branch in Picton for approximately 9 years in the role of Branch Manager.

Steve has been a career banker and has now returned to his roots as a Mobile Lender to assist serve the community in a more flexible working environment.

This now means that Steve can meet clients when and where it suits the customer; either at the Branch, over the phone or via video call.

Next time you are in please say hi to Belinda and Steve.



We are TEN YEARS OLD!!!!!!

We cannot believe that we are 10 years old!!

It started with a simple idea – Let’s do something that will give back to our Community. A dream to create a sustainable and ongoing funding legacy our Community would benefit from.

The business has certainly evolved over time and we have also had to learn on how to adapt and respond to the Customer and community needs. We would like to thank our shareholders and the Community for all the support and belief in us that we could and have done this!!

Over the past ten years we have worked with amazing people doing incredible things to improve our world. Of course no major milestone comes without a degree of reflection, looking at where we started, and where we're going. We have taken the time to do this over the past 12 months so you will notice some changes this coming year in the way we do things, all for the better of course, so be sure to check back in and see what we're up to.

Thank you for investing in us so we could invest in our community.

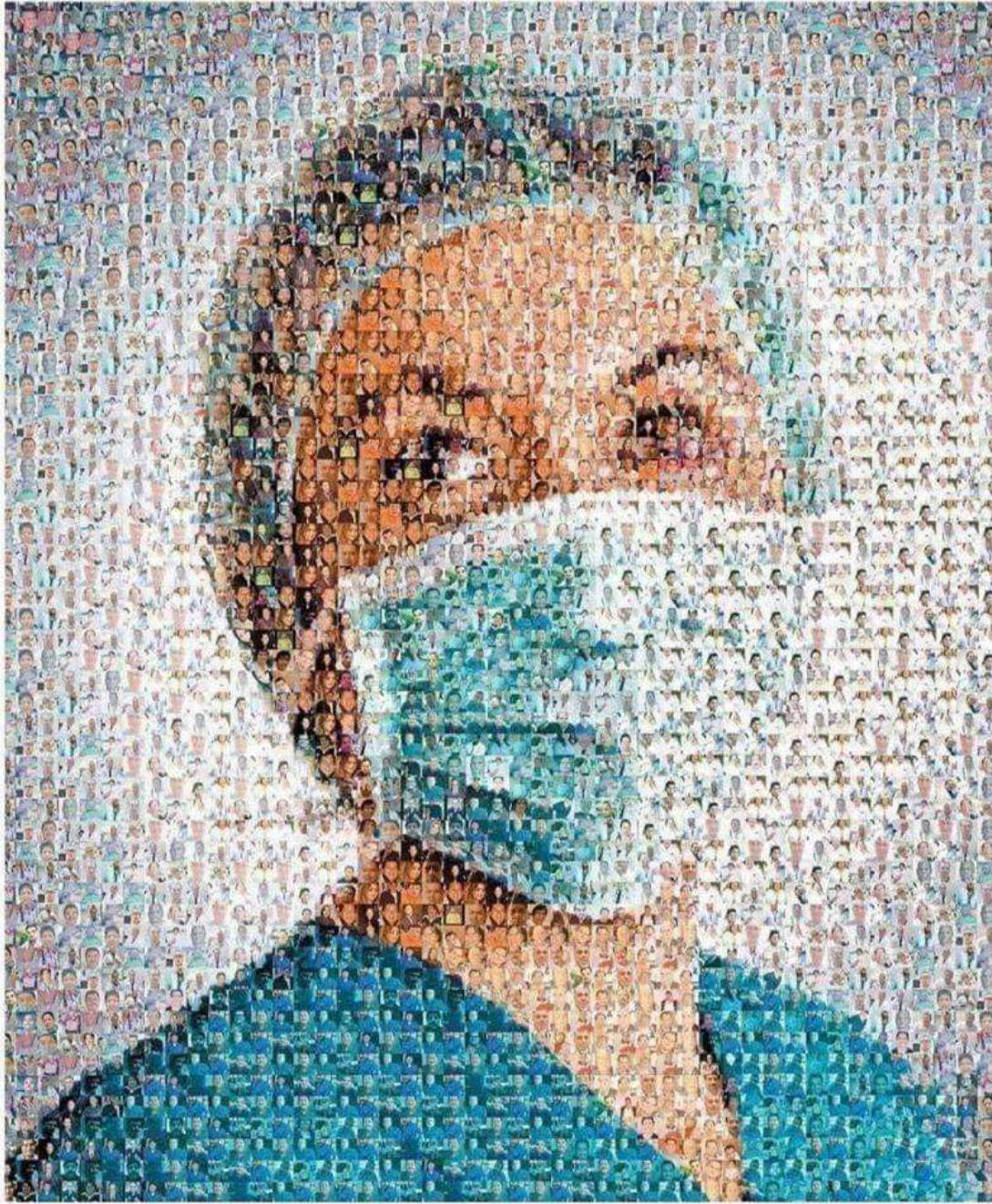
Happy 10 Years and here is to many decades more!!!!



A snapshot of some of our activities...

Thank you for looking out for us


🙏 A shout out to all our Doctors and Nurses serving our community on the front line. We thank you for your tireless service.



This portrait is made with the pictures of some of the doctors and nurses who have sadly passed away during this pandemic (some images are repeated in the artwork).

👉 We give a shout and a note of thanks to someone who has been working tirelessly through the pandemic. On behalf of the team of the Community Bank Picton & District we'd like to pause to say THANK YOU to all of the front-line workers, from our community, serving our community. "We're in this together".

Sponsoring the Spring Garden Competition

 The team at Community Bank Picton & Districts is thrilled to be a sponsor of the recently Wollondilly Shire Council Spring Garden Competition.

We extend a HUGE congratulations to the Grand Champion of the Competition, Hannah Rebelo. As well as all entrants, those that are highly commended and have been awarded the win.



Wollondilly Business Awards – Picton Community Bank a Finalist!!

We were proud to be a finalist in the Wollondilly Local Business Awards in the Professional Services Category.

We'd also like to express our sincere gratitude for our team who've been on the front line, serving our customers throughout the pandemic.

Our team is the face of the business, the brand, and we thank them for their tireless hard work and commitment to the Bendigo Bank values.

Thank you to our customers, our shareholders, and our board for their individual support throughout 2020. We're thrilled to support you, your family, and your business with all your banking needs.



The Silver Coin Project

♥ We love supporting local businesses, fundraisers and of course, charities.

When we heard about the incredible work of local Not for Profit charity, The Silver Coin Project we couldn't help but get involved and support them.

Special thanks to our team for always being willing to dress up, and to Jenny & Darko for their passion for our community.

To find out more about this great charity, look at their Facebook page or head over to their website - www.thesilvercoinproject.com

Supporting Memorial Park at Buxton

This year our community saw the Official Opening of the Memorial NSW Rural Fire Service Playground in Buxton, dedicated to the memory of Geoffrey Keaton & Andrew Dwyer of Horsley Park Rural Fire Brigade.

Joining the event was a long list of dignitaries including: the Prime Minister Scott Morrison, NSW Premier Gladys Berejiklian, RFS Commissioner Rob Rogers, Resilience NSW Commissioner Shane Fitzsimmons, Angus Taylor MP and Nathaniel Smith MP, Wollondilly Shire Council Mayor Robert Khan, NSW RFS Southern Highlands team, sponsors and official guests to name a few.




12 months on, with many still feeling the impact of the fires last summer, which have been recorded as the biggest natural disaster in NSW history. The park provides a place for the families to visit and reflect on their loved ones who made the ultimate sacrifice in protecting our community.




We'd like to acknowledge Kim Hill and the Buxton Rural Fire Brigade for their fundraising efforts along with the contribution from our fellow sponsors, for bringing the vision of the park into reality.


Steve, Bank Manager of Community Bank Picton & District and Tia, Board Member represented the bank in our capacity as sponsors. We thank them both for representing us at such a special event.



NSW Rural Fire Service Playground
Teloepa Park—Buxton
Dedicated to Mr Geoffrey Keaton and Mr Andrew O'Dwyer
Of Horsley Park Brigade



Official Opening
5th December 2020
Order of Proceedings



Wollondilly
Shire Council



Christmas Cheer from the Board

Banks don't run themselves and during the COVID year we have had we didn't get to see everyone together very often, so we took advantage of the Christmas Spirit and the volunteer Board of Directors and Staff enjoyed dinner together.

While we haven't had many face to face to meetings this year we'd like to thank Vaby's Restaurant for hosting us when we do.

Kris Kindle was suggested and instead everyone opted to bring their gifts in the form of hamper donations to Shining Stars Foundation Street Outreach Service

Thank you to our local community who have embraced the local Community Bank and have continued to bank with us this year, (many learning that online is easier than they thought) . Thank you to the branch staff who have kept our doors open 6 days a week and continue to greet customers with a smile.





Wollondilly Sings at Christmas – sponsorship

Press pause for a moment and listen to a number of Wollondilly local businesses sing the 2020 version of "We Wish you a Merry Christmas." <https://www.youtube.com/watch?v=LU7JvV8-g2g>

We're thrilled to support this project by the Tahmoor Uniting and Picton Uniting Churches alongside a number of other local businesses.

🎵 Sing with us: "No kisses no Hugs - we don't want your bugs, we wish you a Merry Christmas and a Happy New Year."

The good news is we're much better at banking than we are at singing!



Acknowledging our Board Members nominations for the Wollondilly Women in Excellence Awards...

Behind the scenes we have an active board that work tirelessly for Community Bank Picton & District.



🏆 Leanne Anderson, was a Finalist at the Wollondilly Women in Excellence Awards - 2021 in the category of **Diamond Award** – recognizing a person who has made a contribution to business, and/or to the community, and/or changed a life of someone within Wollondilly.

🏆 Tia Veech, was also a Finalist in the category of **Community Patron** - this award recognizes women in the community that contribute time voluntarily to community projects or charitable organisations.

Leanne and Tia were also finalists in the People's Choice categories. Ladies - we're so thankful for your hard work both for the Community Bank Picton & District and the broader community and we thank you for your commitment to Excellence.



Continuing our commitment to Foundation 13 - West Tigers

We proudly continue to support The West Tigers through their Foundation 13 program and were very excited to be a part of the Official 2021 NRL Season launch.

The West Tigers Foundation 13 is wholeheartedly committed to enriching the lives of our community and harnessing the game's popularity to make a lasting difference in people's lives across the Inner, Southwest of Sydney and throughout Wollondilly and Wingecaribee.

Tristan and Louise had some one-on-one time with James Tamou talking about how he feels to have stepped in to the 2021 captaincy role. Tristan, Community Bank Picton & District Chair, along with Linda and Louise from our board were invited to take part in the official team photo at Concord.



One thing's for certain when you get to chat with the Wests Tigers players one on one, they're respectful, their passion for the game is contagious, and they are stand-out athletes.!

That's our team! Go the Wests Tigers.

NSW Flood Appeal...

The floods in 2021 across NSW had a devastating impact on communities and people living in the flood-affected areas.

In response to the disaster event across NSW, Bendigo Bank launched the NSW Flood Appeal.

Funds raised will support the immediate aftermath of the floods and the short, medium and long-term recovery of individuals and communities.




Shining Stars Foundation Street Outreach Service

Shining Stars has a tagline that states 'Together we make a difference' and this aligns with the very nature of our mission as a community bank.

We'd like to take this opportunity to publicly acknowledge the hard work of the Shining Stars volunteers. Community Bank Picton & District were proud to sponsor and support our community through the efforts of this organisation. Big thank you to Hunts Hotel Liverpool for cooking our meals.



Special thanks to our team and the Community Bank Picton & District team for supporting another service.

Together We Make A Difference 

Farewell Mandy

End of an era for the Community Bank Picton & District Team, as our much loved and valued team member Mandy had her last day with us after 8 1/2 years of service.

Mandy has been a smiling face assisting with fundraisers and community events, and a pillar of support during some of our communities most challenging times of fires, floods and most recently the pandemic. Mandy has been a great asset to the business and a wonderful go-to person for our customers, and her colleagues, and will now enjoy the benefits of working closer to home.

We wish Mandy all the best for her future and ask our community to share their well wishes with her also.

Pictured along with Mandy are Ally Dench, Board Member and Tristan Triffitt, Chairperson of Community Bank Picton & District



New Strategic Plan and model for our Branch ...



We have been working hard this year on our strategic plan and new structure for the business. We have also continued to implement our sound market research, promoted our products, and got the brand out there - all within a well-considered budget.

Our strategy to use several ways to get the word out about our business without it “breaking the bank” continues and following are some of the initiatives that have been implemented:

- ✓ Using our Cabanas to have a physical presence in the Community
- ✓ Taking advantage of the Community Bank marketing initiatives and templates
- ✓ Designing and promoting our social media presence
- ✓ Collaborating with other key community players
- ✓ Offering our services and product as a competition prizes
- ✓ Promoting referral marketing with the help of our Branch Manger
- ✓ Getting our name out there through radio and the print media

Payment of Dividends!!!

On the 17 March 2021 the Board provided Shareholders an update on the progress of Picton and District Community Bank Branch. We were pleased to announce that the branch continued to make a profit and a dividend was to be made.

The Board thanked shareholders of Picton and District Community Bank® Branch for their support and the instrumental role they had played in the success of the Community Bank® branch to date.

The Board also acknowledges for the past 10 years the people of Picton and the surrounding districts have supported their locally owned Community Bank branch by transferring their banking business to Picton and District Community Bank Branch.

As a result of this the Board is very pleased to advise of the positive financial position and a third dividend payment was made to shareholders.

An unfranked dividend of \$0.05 which equates to a 5% return on the original share investment, was paid on shareholdings for the period July 2020 to 30 June 2021. The payment was made on the 25 March 2021.

This dividend demonstrates the success of our venture and we thanked shareholders for their ongoing commitment to our community and their Community Bank branch.

A letter was sent to all Shareholders requesting their details together with a certified copy of supporting identification, to be returned as soon as possible to AFS & Associates Pty Ltd, by email to shareregistry@afsbendigo.com.au or post to PO Box 454, Bendigo, VIC 3552.

This was requested to ensure that our records were updated prior to the payment of the dividend, which was electronically deposited to shareholders' accounts. A dividend could only be paid once this occurred.

If you are a shareholder and you did not receive information or a dividend payment please contact the Bank and we will assist in ensuring you receive your dividend for the 2020/21 financial year.

Once again, the Board would like to thank Shareholders for your contribution to the success of the Picton and District Community Bank Branch and look forward to providing you with further updates in the future.

If you have any queries please contact Belinda Dyson, Operations Branch Manager of the Picton and District Community Bank Branch on 02 4677 1601.

Trading Shares in Picton & District Community Enterprises Ltd.

Community Bank Picton & District Branch of Bendigo Bank is operated by Picton & District Community Enterprises Limited.

Picton & District Community Enterprises Limited also operates a Special Market called a Low Volume Market (LVM), to facilitate the trading of its shares.

The AFS share registry team provide a comprehensive share register management service for Picton & District Community Enterprises Limited and offer a secure online platform to manage the share registers allowing real time access to registry information by board members and shareholders.

In 2021-22 financial year AFS will be taking over the management of the LVM for Picton & District Community Enterprises Limited. Further information can be found at the following web link <https://www.afsbendigo.com.au/share-registry/>

There are no recent share trades for Picton & District Community Enterprises Limited. In order to buy or sell shares in Picton & District Community Enterprises Limited you must first register your interest formally.

The following web link will enable you register online or download the appropriate forms to complete any transactions in the LVM.

<https://www.bendigobank.com.au/branch/nsw/community-bank-picton-district/lvm-shares/>

If a registered buyer and seller agree to trade shares, the buyer must first seek approval from the Company's Board by completing the Share Purchase Form and sending to AFS.

Once approved, the registered buyer and seller must complete the Security Transfer Form and send it to AFS.

Stamp Duty may also be payable and it is wise to check with the State Revenue Office for details. If Stamp Duty applies, the buyer must comply with State Revenue Office regulations prior to submitting the Security Transfer Form to AFS.

All LVM interest and transactions should be posted to:

Share Registry Team, AFS & Associates Pty Ltd
Picton & District Community Enterprises Limited
PO Box 454 Bendigo VIC 3552
shareregistry@afsbendigo.com.au

A full list of the interested traders as at 30 June 2021 (including number of shares and desired trading price) is provided as follows:

Buyers

Parcel	Min Sale Price (Per Share)	ID	Interest Lodged
500	\$0.80	25	04/05/2021

Sellers

Parcel	Min Sale Price (Per Share)	ID	Interest Lodged
50000	\$0.50	24	15/03/2021
5000	\$1.00	23	10/02/2021
500	\$1.00	20	23/11/2016
1000	\$1.20	19	13/07/2016
10000	\$1.00	18	09/11/2015
1000	\$1.00	17	25/08/2015
5000	\$1.00	16	17/08/2015
15000	\$1.00	15	04/08/2015
2500	\$1.00	13	07/04/2014
10000	\$1.10	10	25/02/2014
1000	\$1.10	9	14/11/2013
2500	\$1.00	7	09/09/2013
29000	\$0.80	6	01/05/2013
11200	\$0.80	5	01/05/2013
20000	\$1.00	4	06/11/2012
5000	\$2.00	3	03/09/2012
20000	\$1.50	2	19/08/2012
12700	\$1.00	1	15/03/2012

The identity of participants will be disclosed only to persons who register an interest

Special Market Condition Notices - Low Volume Market (LVM)

Picton & District Community Enterprises Limited does not hold a license to operate a financial market and is not subject to market obligations, in particular the obligation to ensure that the market is fair, transparent and orderly.

The market is covered by an exemption under section 791C of the Corporations Act. Picton & District Community Enterprises Limited does not provide a settlement service for trading in the market – it is the responsibility of the parties to a transaction to arrange payment between themselves.

Shares in Picton & District Community Enterprises Limited have characteristics that may differ from mainstream securities.

Special characteristics of Community Bank companies

- ‘One shareholder one vote’ constitutions rather than ‘one share one vote’.
- Shareholder limit of 10% of issued capital for individuals and related entities.
- There is a limit on profits that can be distributed to shareholders, including through dividends. By way of overview, the limit is the higher of: (a) 20% of the profits of the Company otherwise available for distribution to shareholders in the financial year, and (b) the relevant rate of return (being the weighted average interest rate on 90 day bank bills over the 12 month period plus 5%) multiplied by the average level of share capital over the 12 month period.
- Persons who do not possess a “close connection” with the community served by Picton & District Community Enterprises Limited can be prohibited from acquiring shares in the Company.
- Share transfers which result in the number of shareholders in Picton & District Community Enterprises Limited falling below a fixed “Base Number” will be prohibited.
- These restrictions are intended to embed the community nature of Picton & District Community Enterprises Limited.
- Directors of Picton & District Community Enterprises Limited have the right to refuse to register any transfer of shares in their unlimited discretion.
- Full details of the restrictions on holding shares and Directors’ powers to refuse to register a transfer of shares are set out in the Company’s constitution. A copy of the constitution is available on request from the Company Secretary
- Stamp duty may apply in your State/Territory. Please refer to the State Revenue Office in your State for details.

Investor relations...

Shareholders - Contact Us

Company Details:

Picton & District Community Enterprises Ltd
ABN - 73 145 546 12
PO Box 660
Picton NSW 2571

Shop T20 Picton Mall,
9-13 Margaret St
Picton NSW 2571

Secretary Details:

Ally Dench
c/- PO Box 660
PICTON NSW 2571
Phone: 0408 651 923

Share Registry and LVM management Details:

AFS & Associates Pty Ltd
61-65 Bull Street
Bendigo VIC 3550

Postal Address
PO Box 454
Bendigo VIC 3552

Phone: 03 5443 0344
Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au
Web: www.afsbendigo.com.a

Picton & District Community Enterprises Limited

ABN: 73 145 546 121

Financial Report

For the year ended

30 June 2021

The directors present the financial statements of the company for the financial year ended 30 June 2021.

Picton & District Community Enterprises Limited
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	637,681	723,004
Other revenue	9	55,060	67,591
Finance income	10	1,117	318
Employee benefit expenses	11c)	(393,972)	(383,069)
Charitable donations, sponsorship, advertising and promotion		(39,108)	(36,780)
Occupancy and associated costs		(18,285)	(17,157)
Systems costs		(18,564)	(19,316)
Depreciation and amortisation expense	11a)	(48,687)	(46,715)
Finance costs	11b)	(10,826)	(11,429)
General administration expenses		(108,401)	(81,925)
Profit before income tax expense		56,015	194,522
Income tax expense	12a)	(12,780)	(49,604)
Profit after income tax expense		43,235	144,918
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		43,235	144,918
Earnings per share		¢	¢
- Basic and diluted earnings per share:	30a)	4.89	16.38

Picton & District Community Enterprises Limited
Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13a)	343,922	309,052
Trade and other receivables	14	58,640	55,955
Total current assets		402,562	365,007
Non-current assets			
Property, plant and equipment	15a)	78,312	84,135
Right-of-use assets	16a)	160,909	160,107
Intangible assets	17a)	3,734	17,165
Deferred tax asset	18a)	86,976	99,756
Total non-current assets		329,931	361,163
Total assets		732,493	726,170
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	30,483	35,886
Lease liabilities	20a)	36,608	29,660
Employee benefits	22a)	26,582	21,056
Total current liabilities		93,673	86,602
Non-current liabilities			
Lease liabilities	20b)	165,254	171,564
Employee benefits	22b)	23,828	18,379
Provisions	21a)	23,623	22,520
Total non-current liabilities		212,705	212,463
Total liabilities		306,378	299,065
Net assets		426,115	427,105
EQUITY			
Issued capital	23a)	848,252	848,252
Accumulated losses	24	(422,137)	(421,147)
Total equity		426,115	427,105

Picton & District Community Enterprises Limited
Statement of Changes in Equity
for the year ended 30 June 2021

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019		848,252	(521,840)	326,412
Total comprehensive income for the year		-	144,918	144,918
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(44,225)	(44,225)
Balance at 30 June 2020		848,252	(421,147)	427,105
Balance at 1 July 2020		848,252	(421,147)	427,105
Total comprehensive income for the year		-	43,235	43,235
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(44,225)	(44,225)
Balance at 30 June 2021		848,252	(422,137)	426,115

Picton & District Community Enterprises Limited
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		759,091	850,201
Payments to suppliers and employees		(621,860)	(621,278)
Interest received		1,117	318
Lease payments (interest component)	11b)	(9,723)	(10,378)
Lease payments not included in the measurement of lease liabilities	11d)	(6,507)	(6,413)
Net cash provided by operating activities	25	122,118	212,450
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,625)
Payments for intangible assets		(13,431)	(13,431)
Net cash used in investing activities		(13,431)	(15,056)
Cash flows from financing activities			
Lease payments (principal component)		(29,592)	(28,276)
Dividends paid	29a)	(44,225)	(44,225)
Net cash used in financing activities		(73,817)	(72,501)
Net cash increase in cash held		34,870	124,893
Cash and cash equivalents at the beginning of the financial year		309,052	184,159
Cash and cash equivalents at the end of the financial year	13a)	343,922	309,052

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
Shop T20 Picton Mall 9 Margaret Street Picton NSW 2571	Shop T20 Picton Mall 9 Margaret Street Picton NSW 2571

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

Note 2 Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 6 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

a) Revenue from contracts with customers (continued)

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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.

a) Revenue from contracts with customers (continued)*Ability to change financial return*

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

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

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

b) Other revenue

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

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
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.

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

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

d) Employee benefits (continued)*Defined superannuation contribution plans*

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

Other long-term employee benefits

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

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.

Note 4 Summary of significant accounting policies (continued)

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.

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line and diminishing value	5 to 40 years
Plant and equipment	Diminishing value	2 to 10 years

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

h) Intangible assets

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

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

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

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

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

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

i) Financial instruments

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

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

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

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

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.

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

m) Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

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

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 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:

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

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.

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.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

30 June 2021

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	227,400	45,480	181,920	-
Trade and other payables	30,483	30,483	-	-
	<u>257,883</u>	<u>75,963</u>	<u>181,920</u>	<u>-</u>

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	231,922	38,653	154,615	38,654
Trade and other payables	35,886	35,886	-	-
	<u>267,808</u>	<u>74,539</u>	<u>154,615</u>	<u>38,654</u>

Note 6 **Financial risk management (continued)**

c) Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$343,922 at 30 June 2021 (2020: \$309,052). 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**

<i>Revenue from contracts with customers</i>	2021	2020
	\$	\$
- Margin income	584,304	672,642
- Fee income	30,070	29,802
- Commission income	23,307	20,560
	<hr/>	<hr/>
	637,681	723,004

Note 9 Other revenue			
		2021	2020
		\$	\$
-	Market development fund income	33,958	32,500
-	Cash flow boost	21,043	35,067
-	Other income	59	24
		<u>55,060</u>	<u>67,591</u>

Note 10 Finance income			
		2021	2020
		\$	\$
-	Term deposits	<u>1,117</u>	<u>318</u>

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

Note 11 Expenses			
a) Depreciation and amortisation expense		2021	2020
		\$	\$
<i>Depreciation of non-current assets:</i>			
-	Leasehold improvements	3,086	3,262
-	Plant and equipment	2,737	3,337
		<u>5,823</u>	<u>6,599</u>
<i>Depreciation of right-of-use assets</i>			
-	Leased land and buildings	<u>29,433</u>	<u>26,685</u>
<i>Amortisation of intangible assets:</i>			
-	Franchise fee	2,239	2,239
-	Franchise renewal process fee	11,192	11,192
		<u>13,431</u>	<u>13,431</u>
	Total depreciation and amortisation expense	<u>48,687</u>	<u>46,715</u>
b) Finance costs			
-	Lease interest expense	9,723	10,378
-	Unwinding of make-good provision	1,103	1,051
		<u>10,826</u>	<u>11,429</u>

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

Note 11 Expenses (continued)

c) Employee benefit expenses

Wages and salaries	341,756	331,196
Contributions to defined contribution plans	32,782	31,217
Expenses related to long service leave	6,728	5,421
Other expenses	12,706	15,235
	<hr/>	<hr/>
	393,972	383,069

d) Recognition exemption

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

	2021	2020
	\$	\$
Expenses relating to low-value leases	<hr/>	<hr/>
	6,507	6,413

Note 12 Income tax expense

a) Amounts recognised in profit or loss

	2021	2020
	\$	\$
<i>Current tax expense</i>		
- Recoupment of prior year tax losses	13,323	47,017
- Movement in deferred tax	(4,022)	(20,817)
- Adjustment to deferred tax on AASB 16 retrospective application	-	17,649
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	3,479	5,755
	<hr/>	<hr/>
	12,780	49,604

b) Prima facie income tax reconciliation

Operating profit before taxation	56,015	194,522
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	14,564	53,494
Tax effect of:		
- Non-deductible expenses	208	-
- Temporary differences	4,022	3,168
- Other assessable income	(5,471)	(9,645)
- Movement in deferred tax	(4,022)	(20,817)
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	3,479	5,755
- Leases initial recognition	-	17,649
	<hr/>	<hr/>
	12,780	49,604

Note 13	Cash and cash equivalents		
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a) Cash and cash equivalents		2021		2020
		\$		\$
- Cash at bank and on hand		192,933		159,052
- Term deposits		150,989		150,000
		<hr/>		<hr/>
		343,922		309,052

Note 14	Trade and other receivables		
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a) Current assets		2021		2020
		\$		\$
Trade receivables		51,157		50,325
Prepayments		7,483		5,630
		<hr/>		<hr/>
		58,640		55,955

Note 15	Property, plant and equipment		
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a) Carrying amounts		2021		2020
		\$		\$
<i>Leasehold improvements</i>				
At cost		116,688		116,688
Less: accumulated depreciation		(49,086)		(46,000)
		<hr/>		<hr/>
		67,602		70,688

<i>Plant and equipment</i>				
At cost		68,184		68,184
Less: accumulated depreciation		(57,474)		(54,737)
		<hr/>		<hr/>
		10,710		13,447

Total written down amount		<hr/>		<hr/>
		78,312		84,135

b) Reconciliation of carrying amounts				
<i>Leasehold improvements</i>				
Carrying amount at beginning		70,688		73,950
Depreciation		(3,086)		(3,262)
		<hr/>		<hr/>
		67,602		70,688

<i>Plant and equipment</i>				
Carrying amount at beginning		13,447		15,159
Additions		-		1,625
Depreciation		(2,737)		(3,337)
		<hr/>		<hr/>
		10,710		13,447

Total written down amount		<hr/>		<hr/>
		78,312		84,135

Note 15 Property, plant and equipment (continued)

c) Changes in estimates

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

Note 16 Right-of-use assets

a) Carrying amounts

	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
At cost	430,503	400,268
Less: accumulated depreciation	(269,594)	(240,161)
Total written down amount	<u>160,909</u>	<u>160,107</u>

b) Reconciliation of carrying amounts

	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
Carrying amount at beginning	160,107	-
Initial recognition on transition	-	400,268
Accumulated depreciation on adoption	-	(213,476)
Remeasurement adjustments	30,235	-
Depreciation	(29,433)	(26,685)
Total written down amount	<u>160,909</u>	<u>160,107</u>

Note 17 Intangible assets

a) Carrying amounts

	2021	2020
	\$	\$
<i>Franchise fee</i>		
At cost	21,192	21,192
Less: accumulated amortisation	(20,571)	(18,332)
	<u>621</u>	<u>2,860</u>
<i>Franchise renewal process fee</i>		
At cost	55,961	55,961
Less: accumulated amortisation	(52,848)	(41,656)
	<u>3,113</u>	<u>14,305</u>
Total written down amount	<u>3,734</u>	<u>17,165</u>

Note 17 Intangible assets (continued)

b) Reconciliation of carrying amounts*Franchise fee*

Carrying amount at beginning	2,860	5,099
Amortisation	(2,239)	(2,239)
	<u>621</u>	<u>2,860</u>

Franchise renewal process fee

Carrying amount at beginning	14,305	25,497
Amortisation	(11,192)	(11,192)
	<u>3,113</u>	<u>14,305</u>

Total written down amount	<u>3,734</u>	<u>17,165</u>
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c) Changes in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 18 Tax assets and liabilities

a) Deferred tax

2021 **2020**
\$ **\$**

Deferred tax assets

- expense accruals	749	780
- employee provisions	12,603	10,253
- make-good provision	5,906	5,855
- lease liability	50,466	52,319
- carried-forward capital losses	61,141	76,910
Total deferred tax assets	<u>130,865</u>	<u>146,117</u>

Deferred tax liabilities

- property, plant and equipment	3,662	4,733
- right-of-use assets	40,227	41,628
Total deferred tax liabilities	<u>43,889</u>	<u>46,361</u>

Net deferred tax assets (liabilities)	<u>86,976</u>	<u>99,756</u>
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Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>12,780</u>	<u>(49,604)</u>
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Movement in deferred tax charged to Statement of Changes in Equity	<u>-</u>	<u>17,649</u>
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Note 19 Trade creditors and other payables

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

a) Current liabilities	2021	2020
	\$	\$
Trade creditors	4,843	3,067
Other creditors and accruals	25,640	32,819
	<hr/>	<hr/>
	30,483	35,886

Note 20 Lease liabilities

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

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

The company's lease portfolio includes:

- Picton Branch The lease agreement commenced in July 2011. A 5 year renewal option was exercised in July 2021. As such, the lease term end date used in the calculation of the lease liability is June 2026.

a) Current lease liabilities	2021	2020
	\$	\$
Property lease liabilities	45,480	38,653
Unexpired interest	(8,872)	(8,993)
	<hr/>	<hr/>
	36,608	29,660

b) Non-current lease liabilities

Property lease liabilities	181,920	193,269
Unexpired interest	(16,666)	(21,705)
	<hr/>	<hr/>
	165,254	171,564
	<hr/>	<hr/>
	201,862	201,224

c) Reconciliation of lease liabilities

Balance at the beginning	201,224	-
Initial recognition on AASB 16 transition	-	229,501
Remeasurement adjustments	30,235	-
Lease interest expense	9,723	10,378
Lease payments - total cash outflow	(39,320)	(38,655)
	<hr/>	<hr/>
	201,862	201,224

Note 20 Lease liabilities (continued)

e) Maturity analysis

- Not later than 12 months	45,480	38,653
- Between 12 months and 5 years	181,920	154,615
- Greater than 5 years	-	38,654
Total undiscounted lease payments	227,400	231,922
Unexpired interest	(25,538)	(30,698)
Present value of lease liabilities	201,862	201,224

Note 21 Provisions

a) Non-current liabilities	2021	2020
	\$	\$
Make-good on leased premises	23,623	22,520

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as at \$30,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 30 June 2026 at which time it is expected the face-value costs to restore the premises will fall due.

Note 22 Employee benefits

a) Current liabilities	2021	2020
	\$	\$
Provision for annual leave	26,582	21,056
b) Non-current liabilities		
Provision for long service leave	23,828	18,379

c) Key judgement and assumptions

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

Note 23 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	884,509	884,509	884,509	884,509
Less: equity raising costs	-	(36,257)	-	(36,257)
	884,509	848,252	884,509	848,252

b) Rights attached to issued capital

Ordinary shares

Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 192. As at the date of this report, the company had 209 shareholders (2020: 210 shareholders).

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

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

Note 23 Issued capital (continued)

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

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

Note 24 Accumulated losses

		2021	2020
	Note	\$	\$
Balance at beginning of reporting period		(421,147)	(475,311)
Adjustment for transition to AASB 16		-	(46,529)
Net profit after tax from ordinary activities		43,235	144,918
Dividends provided for or paid	29a)	(44,225)	(44,225)
Balance at end of reporting period		<u>(422,137)</u>	<u>(421,147)</u>

Note 25 Reconciliation of cash flows from operating activities

	2021	2020
	\$	\$
Net profit after tax from ordinary activities	43,235	144,918
Adjustments for:		
- Depreciation	35,256	33,284
- Amortisation	13,431	13,431
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(2,683)	(371)
- (Increase)/decrease in other assets	12,780	49,604
- Increase/(decrease) in trade and other payables	8,021	(35,826)
- Increase/(decrease) in employee benefits	10,975	6,359
- Increase/(decrease) in provisions	1,103	1,051
Net cash flows provided by operating activities	<u>122,118</u>	<u>212,450</u>

Note 26 Financial instruments

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

		2021	2020
	Note	\$	\$
Financial assets			
Trade and other receivables	14	51,157	50,325
Cash and cash equivalents	13	192,933	159,052
Term deposits	13	150,989	150,000
		<u>395,079</u>	<u>359,377</u>

Note 26 Financial instruments (continued)

Financial liabilities

Trade and other payables	19	30,483	35,886
Lease liabilities	20	201,862	201,224
		<u>232,345</u>	<u>237,110</u>

Note 27 Auditor's remuneration

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

	2021	2020
	\$	\$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- Taxation advice and tax compliance services	600	600
- General advisory services	2,720	2,400
- Share registry services	3,217	4,622
Total auditor's remuneration	<u>11,537</u>	<u>12,422</u>

Note 28 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Evelyn Szumski
Tia Louise Veech
Josephus Huibertus Muller
Alison Nancy Dench
Phillip Lee Digger
Tristan Triffitt
Leanne Maree Anderson
Louise Sparkes
Linda Maree Difrancesco

b) Key management personnel compensation

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

There are no executives within the company whose remuneration is required to be disclosed.

c) Related party transactions

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	\$
Unfranked dividend	5	44,225	5	44,225

Note 30 Earnings per share

a) Based and diluted earnings per share

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

	2021	2020
	\$	\$
Profit attributable to ordinary shareholders	43,235	144,918
	Number	Number
Weighted-average number of ordinary shares	884,509	884,509
	Cents	Cents
Basic and diluted earnings per share	4.89	16.38

Note 31 Commitments

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

Note 32 Contingencies

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

Note 33 Subsequent events

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


Directors' Declaration

In accordance with a resolution of the directors of Picton & District Community Enterprises Limited, we state that:

In the opinion of the directors:

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

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



Tristan Triffitt, Chairperson

Dated this 6th day of September 2021.



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Independent auditor's report to the Directors of Picton & District Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Picton & District Community Enterprises Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Picton & District Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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



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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: 6 September 2021

Adrian Downing
Lead Auditor



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Community Bank Picton & District Branch

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