

Annual Report 2021

Ravenshoe-Gulf
Country Community
Enterprise Ltd

ABN 54 144 780 218

Chair's Report

Welcome to the end of 2021. It has been a roller coaster year for our community and as always we have pulled together to rise to the opportunities and challenges that the new year presents. On behalf of our community bank in Ravenshoe and Georgetown, I thank you for your support, your feedback and your continued faith in us.

In July I resumed my role as Chair and was joined by new Director Des Scanlan who took on the role of Treasurer. In September, Terry Ann Cranwell joined the board to take over the Marketing and Sponsorship portfolio when our long serving Director Anne Vosoba resigns at the AGM. Secretary Melanie Wilson has received a well-deserved promotion and with the new work load will resign at the AGM also. We wish Melanie and Anne all the best and thank them for their hard work and dedication to the Ravenshoe-Gulf Country Community Enterprises Limited company.

From the very early days of the Ravenshoe-Gulf Country Community Enterprises Limited company, Trish Nemani has been involved. A passionate supporter of our Ravenshoe community, Trish understands the positive impact that the community bank model can make. With this in mind Trish has generously agreed to take on the role of Secretarial Support to the board not only providing valuable community connections but also administration of board processes and support to shareholders.

Throughout the year, the board has received overwhelming feedback that there needs to be improved communication between our shareholders, our customers, our staff and our directors. We have taken that feedback on board providing more frequent letters to shareholders, weekly columns in the Ravenshoe and District Weekly Newspaper and regular updates on our Facebook page (<https://www.facebook.com/search/top?q=community%20bank%20ravenshoe-gulf%20country>). If you are not receiving updates frequently enough please let us know.

Directors have also become more hands on with their involvement at community events and activities. Terry Ann Cranwell has attended many events in Georgetown and Ravenshoe. I have been getting out and about in Ravenshoe not only attending events but also taking the time to meet one on one with shareholders and customers across the Tablelands. Des Scanlan will be a regular face now that he has returned from his adventures to see his brand new granddaughter.

We have always been supportive of our community embracing the opportunity to sponsor community projects and events. In 2022 we will be providing additional structure to our sponsorship program to make sure that we use our resources effectively to provide the maximum benefit to our community. Please find attached a copy of our sponsorship guidelines for your perusal. If you have any questions at all please contact us at secretarialsupport@rgccel.com

Our shareholders have been very patient with us since our beginnings more than 10 years ago. We thank you for your ongoing support as we grow the business to not only give back to you but also to give back to our community. We have taken steps to update our database of shareholders making sure that your contact details are up to date and that we have the correct information to pay you a dividend. We have undertaken the process to transfer our share registry to an online system allowing shareholders to more easily update their details and manage their shares. In 2022 we will be providing more information to shareholders so they can better understand their shares and manage them more effectively.

2021 is also a momentous year as we pay our loyal shareholders their first dividend. For every share you hold you will receive a payment of 3 cents. In recognition of your patience over the last ten years as we slowly built our community bank, we are also paying an additional 2 cent special dividend. That is a total of 5 cents dividend per share that you will receive in 2021.

Finally, on behalf of the Board, I would like to thank you - our shareholders and customers - for all the offers of support and assistance. We have much work to do to deliver results for our shareholders, customers and our community and we thank you for your ongoing support, and feedback.

If you have any questions, feedback or concerns, please email me personally at chair@rgccel.com and I will respond directly.

Lara Wilde
Chair

Managers Report for year ending 2021.

It is with great pleasure I provide the Branch Managers Report for the Community Bank Ravenshoe-Gulf Country for the year ending 2021.

This year has continued to be another challenging year for the financial services sector. A pleasing aspect was our demonstrated growth across all sectors of the product range of Bendigo and Rural Banking. We continued to see our customer numbers grow along with them demonstrating their preference to transact in the branch even though the reliance upon digital technology increased with the ongoing Covid-19 pandemic.

We were able to increase our business footings during the past 12 months to over \$79 million, an increase of over \$6 million which is a pleasing result given the current market. Our customer numbers have also increased throughout the year. This has been achieved not only by the support from our local community but also by the hard work of the branch staff and board who continue to build strong relationships with new and existing customers.

Our Georgetown agency continues to help grow our customer base in the region with Simon Croft, a sound advocate for the Bendigo brand and the Community Bank Ravenshoe-Gulf Branch and I pass on my thanks for his hard work and dedication throughout the financial year.

I would like to thank our staff for their valued contributions throughout the year. I also acknowledge the many hours worked by our Board of Directors on a volunteer basis for the efficiency and guidance they have provided throughout the year supporting our community with sponsorships and grants, we greatly appreciate the efforts throughout the year.

Here at the Community Bank Ravenshoe-Gulf Branch of Bendigo we provide a full range of financial services and products to suit all your banking requirements. We have specialist support staff to help tailor your banking needs as well as dedicated Agribusiness and Business Managers.

Finally, to our shareholders and customers I thank you for your continued support. With your ongoing commitment to banking locally, it helps us give back to our local community and importantly grow our footprint. This is something our branch is very proud of! We will continue to grow and prosper in the manner we did this financial year in a partnership that continues to provide benefits to the community and shareholders in the future.

Luci Richards

CB Annual Report 2021
BEN message
26 August 2021

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

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

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

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

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

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

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

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



Collin Brady
Head of Community Development

Ravenshoe-Gulf Country
Community Enterprises Limited

ABN: 54 144 780 218

Financial Report

For the year ended

30 June 2021

Ravenshoe-Gulf Country Community Enterprises Limited

Directors' Report

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

Directors

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

Lara Cheyenne Wilde

Non-executive director (appointed 19 July 2021)

Occupation: Business Manager

Qualifications, experience and expertise: A high performing and innovative manager with an excellent track record of delivering projects and working productively with businesses, communities and government. Lara's qualifications include a Diploma of Business from the Kimberly Training Institute, Diploma of Management from the Kimberly Training Institute and a variety of management and leadership development courses. These courses include Landmark education, Queensland Government and professional development suppliers.

Special responsibilities: Chair

Interest in shares: nil share interest held

Melanie Louise Wilson

Non-executive director

Occupation: Solicitor

Qualifications, experience and expertise: Holder of a Bachelor of Laws (Hons) and a Bachelor of International Studies from the University of NSW in Sydney. A practising solicitor, with an initial practice in commercial insurance litigation based in Sydney.

Melanie has practised as a generalist lawyer in the community legal sector in Cairns since 2019.

Special responsibilities: Low Volume Market Share registry and Company Secretary

Interest in shares: nil share interest held

Desmond John Scanlan

Non-executive director (appointed 19 July 2021)

Occupation: Retired

Qualifications, experience and expertise: An experienced, focused and dedicated business professional. A devoted individual with 40 years of experience in the Royal Australian Navy. Current president of the Ravenshoe RSL Sub-Branch. Desmond's qualifications include a Masters in Project Management (UNSW), Graduate Diploma in both Logistics and Resource Management, Graduate Certificate in Administration, Diploma of Government (Financial Services), Diploma of Government (Management) and Diploma of Business (Front Line Management).

Special responsibilities: Treasurer

Interest in shares: nil share interest held

Anne Vosoba

Non-executive director

Occupation: Software Developer, Primary Care Giver / Educator for two boys

Qualifications, experience and expertise: Bachelor of Informatics, extensive experience developing custom applications for business over the last 10 years. Also involved in various community groups including Sporting Shooters Association of Australia and FNQ Goat Club.

Special responsibilities: Sponsorship

Interest in shares: nil share interest held

Ravenshoe-Gulf Country Community Enterprises Limited

Directors' Report

Directors (*continued*)

Stirling Lyle Christian Tavener

Non-executive director (resigned 19 July 2021)

Occupation: Business Consultant

Qualifications, experience and expertise: Stirling established a business & agribusiness management consulting company in 2014 and continues to work as a senior consultant. He has Bachelor degrees in Agricultural Science and Science, a Masters in Business Administration, is Chartered Manager (IML) and is an Australian Institute of Company Directors graduate. Stirling has been Chair of two Body Corporate Committees since 2015, and is a director of multiple private companies. His skills include accounting, finance, banking, business administration & management, agriculture and governance. Stirling was formerly a director for TISA Savings & Loan Society, Papua New Guinea.

Special responsibilities: Chair

Interest in shares: nil share interest held

Wayne Francis Dorgan

Non-executive director (resigned 31 March 2021)

Occupation: Director

Qualifications, experience and expertise: Thirty years of board level experience across the public, commercial & not for profit sectors with particular experience in the insurance, risk management, insurance broking, accounting, environment and sporting industries. Fellow - Australian Institute of Risk Management, Fellow - Australia and New Zealand Institute of Insurance & Finance and Fellow - National Insurance Brokers Association.

Special responsibilities: Nil

Interest in shares: nil share interest held

Gavin Ian Wright

Non-executive director (resigned 15 February 2021)

Occupation: Business Consultant

Qualifications, experience and expertise: General Manager for Major Transport and Logistics Companies including McAleese Resources in Pt Hedland, which at the time was the largest Transport and Logistics haulage contract in the Southern Hemisphere (\$986M Per Annum). Director of Wright Business Development (WBD), WBD specialise in the development and implementation of Third-Party Integrated Management Systems, mapped to the ISO9001 Quality, ISO14001 Environment and ISO45001, AS/NZS4801 Safety Standards, to a broad range of companies including Construction, Civil Construction, Transport and Agriculture. Director of Wright Project Services (WPS), WPS are commissioned by many of North Queensland's major Tier 1 Civil Contractors to assist in Tender Development, Non-Price Criteria, Subcontractor Management and Project Site Development. Gavin also has achieved a Diploma in Project Management and Cert 3 in Civil Construction. A IOS Lead Auditor for the above mentioned standards.

Special responsibilities: Marketing Committee

Interest in shares: nil share interest held

Rebecca Jayne Henry

Non-executive director (resigned 24 July 2020)

Occupation: Cattle station management

Qualifications, experience and expertise: Bachelor of Business (Agribusiness). Rebecca is heavily involved in the family cattle enterprise at Sugarbag Station handling day-to-day operations and the management systems for the station. She also runs her own equestrian business for training, school camps involving equine connection, and officiating. Rebecca is recognised as a highly experienced equestrian rider, trainer, coach, & official. Her credentials include Equestrian Australia Level 2 Show jumping Coach, Course Designer & Judge as well as International (FEI) Level 1 Course Designer. Rebecca rode to the highest level in Australia (previous riding member of Qld Elite Squads 2008 & 2009), and in recent times has been invited to course design at many of the largest show jumping events throughout Australia.

Special responsibilities: nil

Interest in shares: nil share interest held

Ravenshoe-Gulf Country Community Enterprises Limited

Directors' Report

Directors (continued)

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

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

Company Secretary

The company secretary is Melanie Louise Wilson. Melanie was appointed to the position of secretary on 25 March 2020.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
96,834	86,567

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Lara Cheyenne Wilde	-	-	-
Melanie Louise Wilson	-	-	-
Desmond John Scanlan	-	-	-
Anne Vosoba	-	-	-
Stirling Lyle Christian Tavener	-	-	-
Wayne Francis Dorgan	-	-	-
Gavin Ian Wright	-	-	-
Rebecca Jayne Henry	-	-	-

Dividends

No dividends were declared or paid for the previous financial year and the directors recommend that no dividend be paid in the current financial year.

Significant changes in the state of affairs

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

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

Ravenshoe-Gulf Country Community Enterprises Limited

Directors' Report

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

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

Directors' meetings

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

	Board Meetings Attended	
	<i>E</i>	<i>A</i>
<i>E - eligible to attend</i>		
<i>A - number attended</i>		
Lara Cheyenne Wilde	-	-
Melanie Louise Wilson	12	10
Desmond John Scanlan	-	-
Anne Vosoba	12	8
Stirling Lyle Christian Tavener	12	12
Wayne Francis Dorgan	9	6
Gavin Ian Wright	8	5
Rebecca Jayne Henry	1	1

Proceedings on behalf of the company

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

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

Ravenshoe-Gulf Country Community Enterprises Limited

Directors' Report

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 25.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors at Ravenshoe, Queensland.



Lara Cheyenne Wilde, Chair

Dated this 3rd day of September 2021

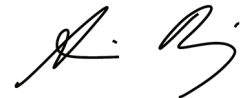
Independent auditor's independence declaration under section 307C of the Corporations Act 2001 to the Directors of Ravenshoe-Gulf Country Community Enterprises Limited

As lead auditor for the audit of Ravenshoe-Gulf Country 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: 3 September 2021



Adrian Downing
Lead Auditor

Ravenshoe-Gulf Country 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	485,123	478,051
Other revenue	9	35,625	37,500
Employee benefit expenses	10c)	(209,936)	(214,031)
Charitable donations, sponsorship, advertising and promotion	10b)	(11,640)	(8,963)
Occupancy and associated costs		(9,602)	(13,296)
Systems costs		(17,276)	(18,098)
Depreciation and amortisation expense	10a)	(33,199)	(29,539)
Finance costs	10b)	(5,615)	(9,228)
General administration expenses		(96,921)	(92,303)
Profit before income tax expense		136,559	130,093
Income tax expense	11a)	(39,725)	(43,526)
Profit after income tax expense		96,834	86,567
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		96,834	86,567
Earnings per share		¢	¢
- Basic and diluted earnings per share:	27a)	14.62	13.07

The accompanying notes form part of these financial statements

Ravenshoe-Gulf Country Community Enterprises Limited
Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	12a)	79,808	-
Trade and other receivables	13a)	26,182	29,790
Total current assets		105,990	29,790
Non-current assets			
Property, plant and equipment	14a)	105,911	94,006
Right-of-use assets	15a)	84,015	92,707
Intangible assets	16a)	61,321	10,167
Deferred tax asset	17a)	93,338	133,062
Total non-current assets		344,585	329,942
Total assets		450,575	359,732
LIABILITIES			
Current liabilities			
Trade and other payables	18a)	31,014	19,638
Loans and borrowings	20a)	-	51,912
Lease liabilities	20a)	9,016	8,595
Total current liabilities		40,030	80,145
Non-current liabilities			
Trade and other payables	18a)	43,140	-
Lease liabilities	20b)	99,140	108,156
Total non-current liabilities		142,280	108,156
Total liabilities		182,310	188,301
Net assets		268,265	171,431
EQUITY			
Issued capital	21a)	634,198	634,198
Accumulated losses	22	(365,933)	(462,767)
Total equity		268,265	171,431

The accompanying notes form part of these financial statements

Ravenshoe-Gulf Country Community Enterprises Limited
Statement of Changes in Equity
for the year ended 30 June 2021

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	634,198	(549,334)	84,864
Total comprehensive income for the year	-	86,567	86,567
Balance at 30 June 2020	634,198	(462,767)	171,431
Balance at 1 July 2020	634,198	(462,767)	171,431
Total comprehensive income for the year	-	96,834	96,834
Balance at 30 June 2021	634,198	(365,933)	268,265

The accompanying notes form part of these financial statements

Ravenshoe-Gulf Country 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		576,873	552,117
Payments to suppliers and employees		(389,510)	(387,777)
Interest paid		(210)	(3,421)
Lease payments (interest component)	10b)	(5,405)	(5,807)
Lease payments not included in the measurement of lease liabilities	10d)	(6,158)	(6,158)
Net cash provided by operating activities	23	175,590	148,954
Cash flows from investing activities			
Payments for property, plant and equipment		(23,028)	(12,639)
Payments for intangible assets		(12,248)	(13,831)
Net cash used in investing activities		(35,276)	(26,470)
Cash flows from financing activities			
Lease payments (principal component)		(8,594)	(8,192)
Net cash used in financing activities		(8,594)	(8,192)
Net cash increase in cash held		131,720	114,292
Cash and cash equivalents at the beginning of the financial year		(51,912)	(166,204)
Cash and cash equivalents at the end of the financial year	12b)	79,808	(51,912)

The accompanying notes form part of these financial statements

Ravenshoe-Gulf Country 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 Ravenshoe-Gulf Country 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 2/49 Grigg Street Ravenshoe QLD 4888	Shop 2/49 Grigg Street Ravenshoe QLD 4888

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 26.

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 3 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

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.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

a) Revenue from contracts with customers *(continued)*

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

<u>Revenue</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.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

a) Revenue from contracts with customers *(continued)*

Ability to change financial return

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

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

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

b) Other revenue

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

<u>Revenue</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.
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.

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.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (continued)

c) Economic dependency - Bendigo Bank (continued)

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

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

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

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

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

d) Employee benefits

Bendigo Bank second employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

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.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 4 Summary of significant accounting policies (continued)

e) Taxes (continued)*Deferred tax (continued)*

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand. Bank overdrafts are shown as current liabilities within loans and borrowings in the statement of financial position.

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 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	4 to 40 years
Plant and equipment	Straight-line	1 to 40 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.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

h) Intangible assets (continued)

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

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

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

i) Financial instruments

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

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.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

l) 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.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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 17 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 14 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;

Note 6 Financial risk management

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

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

a) Credit risk

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

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

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

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

- \$100,000 overdraft facility that was not drawn upon as at 30 June 2021.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6 Financial risk management (continued)

b) Liquidity risk (continued)

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>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	108,156	14,000	55,999	65,334
Trade payables	13,457	13,457	-	-
	<u>121,613</u>	<u>27,457</u>	<u>55,999</u>	<u>65,334</u>

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank overdraft	51,912	51,912	-	-
Lease liabilities	116,751	14,000	55,999	79,334
Trade payables	13,979	13,979	-	-
	<u>182,642</u>	<u>79,891</u>	<u>55,999</u>	<u>79,334</u>

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of \$79,808 at 30 June 2021 (2020: \$0). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7 Capital management

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

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

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 8 Revenue from contracts with customers

	2021	2020
	\$	\$
- Margin income	324,833	321,947
- Fee income	52,940	54,305
- Commission income	107,350	101,799
	<u>485,123</u>	<u>478,051</u>

Note 9 Other revenue

	2021	2020
	\$	\$
- Market development fund income	<u>35,625</u>	<u>37,500</u>

Note 10 Expenses

a) Depreciation and amortisation expense	2021	2020
	\$	\$
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	4,656	4,878
- Plant and equipment	6,467	2,414
	<u>11,123</u>	<u>7,292</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	<u>8,691</u>	<u>8,691</u>

Ravenshoe-Gulf Country Community Enterprises Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 10 Expenses (continued)

a) Depreciation and amortisation expense (continued)	2021	2020
	\$	\$
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,223	2,259
- Franchise renewal process fee	11,162	11,297
	<u>13,385</u>	<u>13,556</u>
Total depreciation and amortisation expense	<u>33,199</u>	<u>29,539</u>
b) Finance costs		
- Bank overdraft interest paid or accrued	210	3,421
- Lease interest expense	5,405	5,807
	<u>5,615</u>	<u>9,228</u>

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

c) Employee benefit expenses

Wages and salaries	171,288	173,377
Non-cash benefits	-	10
Contributions to defined contribution plans	16,082	16,771
Expenses related to long service leave	2,406	1,756
Other expenses	20,160	22,117
	<u>209,936</u>	<u>214,031</u>

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	<u>6,065</u>	<u>6,158</u>

Note 11 Income tax expense

a) Amounts recognised in profit or loss	2021	2020
	\$	\$
<i>Current tax expense/(credit)</i>		
- Recoupment of prior year tax losses	32,575	34,149
- Movement in deferred tax	3,416	(4,775)
- Adjustment to deferred tax on AASB 16 retrospective application	-	6,475
- Reduction in company tax rate	3,734	7,677
	<u>39,725</u>	<u>43,526</u>

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2021, the company tax rate will be reduced from 26% to 25%. This change resulted in a loss of \$3,734 related to the remeasurement of deferred tax assets and liabilities of the company.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11 Income tax expense (continued)

b) <i>Prima facie</i> income tax reconciliation	2021 \$	2020 \$
Operating profit before taxation	136,559	130,093
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	35,505	35,776
Tax effect of:		
- Non-deductible expenses	486	73
- Temporary differences	(3,416)	(1,700)
- Movement in deferred tax	3,416	(4,775)
- Leases initial recognition	-	6,475
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	3,734	7,677
	<u>39,725</u>	<u>43,526</u>

Note 12 Cash and cash equivalents

a) Cash and cash equivalents	2021 \$	2020 \$
- Cash at bank and on hand	<u>79,808</u>	<u>-</u>

b) Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash includes cash held with financial and banking institutions net of outstanding bank overdrafts. Bank overdrafts are presented with loans and borrowings.

The below figures reconcile to the amount of cash shown in the Statement of Cash Flows at the end of the financial year as follows:

	Note	2021 \$	2020 \$
- Cash at bank and on hand		79,808	-
- Bank overdraft	19a)	-	(51,912)
		<u>79,808</u>	<u>(51,912)</u>

Note 13 Trade and other receivables

a) Current assets	2021 \$	2020 \$
Trade receivables	20,699	24,726
Prepayments	5,483	5,064
	<u>26,182</u>	<u>29,790</u>

Note 14 Property, plant and equipment

a) Carrying amounts	2021 \$	2020 \$
<i>Leasehold improvements</i>		
At cost	158,924	158,924
Less: accumulated depreciation	(91,114)	(86,458)
	<u>67,810</u>	<u>72,466</u>

Ravenshoe-Gulf Country Community Enterprises Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 14 Property, plant and equipment (continued)

a) Carrying amounts (continued)	2021	2020
	\$	\$
<i>Plant and equipment</i>		
At cost	92,971	69,943
Less: accumulated depreciation	(54,870)	(48,403)
	<u>38,101</u>	<u>21,540</u>
Total written down amount	<u>105,911</u>	<u>94,006</u>
b) Reconciliation of carrying amounts		
<i>Leasehold improvements</i>		
Carrying amount at beginning	72,466	77,344
Depreciation	(4,656)	(4,878)
	<u>67,810</u>	<u>72,466</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	21,540	11,315
Additions	23,028	12,639
Depreciation	(6,467)	(2,414)
	<u>38,101</u>	<u>21,540</u>
Total written down amount	<u>105,911</u>	<u>94,006</u>
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 15 Right-of-use assets

a) Carrying amounts	2021	2020
	\$	\$
<i>Leased land and buildings</i>		
At cost	173,825	173,825
Less: accumulated depreciation	(89,810)	(81,118)
Total written down amount	<u>84,015</u>	<u>92,707</u>
b) Reconciliation of carrying amounts		
<i>Leased land and buildings</i>		
Carrying amount at beginning	92,707	-
Initial recognition on adoption	-	173,825
Accumulated depreciation on adoption	-	(72,427)
Depreciation	(8,692)	(8,691)
Total written down amount	<u>84,015</u>	<u>92,707</u>

Ravenshoe-Gulf Country Community Enterprises Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 16 Intangible assets

a) Carrying amounts	2021	2020
	\$	\$
<i>Franchise fee</i>		
At cost	32,053	21,297
Less: accumulated amortisation	(21,825)	(19,602)
	<u>10,228</u>	<u>1,695</u>
<i>Franchise establishment fee</i>		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
<i>Franchise renewal process fee</i>		
At cost	110,266	56,484
Less: accumulated amortisation	(59,173)	(48,012)
	<u>51,093</u>	<u>8,472</u>
Total written down amount	<u>61,321</u>	<u>10,167</u>
b) Reconciliation of carrying amounts		
<i>Franchise fee</i>		
Carrying amount at beginning	1,695	3,954
Additions	10,756	-
Amortisation	(2,223)	(2,259)
	<u>10,228</u>	<u>1,695</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	8,472	19,769
Additions	53,782	-
Amortisation	(11,161)	(11,297)
	<u>51,093</u>	<u>8,472</u>
Total written down amount	<u>61,321</u>	<u>10,167</u>
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 17 Tax assets and liabilities

a) Deferred tax	2021	2020
	\$	\$
<i>Deferred tax assets</i>		
- expense accruals	775	780
- lease liability	27,039	30,355
- carried-forward tax losses	102,379	139,049
Total deferred tax assets	<u>130,193</u>	<u>170,184</u>

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17 Tax assets and liabilities (continued)

a) Deferred tax (continued)	2021 \$	2020 \$
<i>Deferred tax liabilities</i>		
- property, plant and equipment	15,851	13,018
- right-of-use assets	21,004	24,104
Total deferred tax liabilities	<u>36,855</u>	<u>37,122</u>
Net deferred tax assets (liabilities)	<u>93,338</u>	<u>133,062</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>3,416</u>	<u>(43,527)</u>
Movement in deferred tax charged to Statement of Changes in Equity	<u>-</u>	<u>6,475</u>

Note 18 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	13,457	13,979
Other creditors and accruals	17,557	5,659
	<u>31,014</u>	<u>19,638</u>
b) Non-current liabilities		
Other creditors and accruals	<u>43,140</u>	<u>-</u>

Note 19 Loans and borrowings

a) Current liabilities	2021 \$	2020 \$
Bank overdraft	<u>-</u>	<u>51,912</u>

The company has an approved overdraft limit of \$225,000 which was not drawn upon at 30 June 2021.

Interest is recognised using the effective interest method, currently 2.03% (2020: 3.795%).

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:

- Ravenshoe Branch The lease agreement commenced in March 2011. A five year renewal option was exercised in March 2021. The company has an additional five year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is February 2031.

Ravenshoe-Gulf Country Community Enterprises Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 20 Lease liabilities (continued)

a) Current lease liabilities	2021	2020
	\$	\$
Property lease liabilities	14,000	14,000
Unexpired interest	(4,984)	(5,405)
	<u>9,016</u>	<u>8,595</u>
b) Non-current lease liabilities		
Property lease liabilities	121,333	135,333
Unexpired interest	(22,193)	(27,177)
	<u>99,140</u>	<u>108,156</u>
c) Reconciliation of lease liabilities		
Balance at the beginning	116,751	-
Initial recognition on AASB 16 transition	-	124,943
Lease payments - interest	5,405	5,807
Lease payments - total cash outflow	(14,000)	(13,999)
	<u>108,156</u>	<u>116,751</u>
d) Maturity analysis		
- Not later than 12 months	14,000	14,000
- Between 12 months and 5 years	55,999	55,999
- Greater than 5 years	65,334	79,334
Total undiscounted lease payments	<u>135,333</u>	<u>149,333</u>
Unexpired interest	(27,177)	(32,582)
Present value of lease liabilities	<u>108,156</u>	<u>116,751</u>

Note 21 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	662,409	662,409	662,409	662,409
Less: equity raising costs	-	(28,211)	-	(28,211)
	<u>662,409</u>	<u>634,198</u>	<u>662,409</u>	<u>634,198</u>

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.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 21 Issued capital (*continued*)

b) Rights attached to issued capital (*continued*)

Ordinary shares (continued)

Voting rights (continued)

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if 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").

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

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

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

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

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 22 Accumulated losses

	2021 \$	2020 \$
Balance at beginning of reporting period	(462,767)	(532,264)
Adjustment for transition to AASB 16	-	(17,070)
Net profit after tax from ordinary activities	96,834	86,567
Balance at end of reporting period	<u>(365,933)</u>	<u>(462,767)</u>

Note 23 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	96,834	86,567
Adjustments for:		
- Depreciation	11,123	15,983
- Amortisation	13,385	13,556
- AASB16 depreciation	8,691	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	3,610	(15,548)
- (Increase)/decrease in other assets	39,724	43,527
- Increase/(decrease) in trade and other payables	2,223	4,869
Net cash flows provided by operating activities	<u>175,590</u>	<u>148,954</u>

Note 24 Financial instruments

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

	Note	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	12	79,808	-
Trade and other receivables	13	20,699	24,726
		<u>100,507</u>	<u>24,726</u>
Financial liabilities			
Trade and other payables	18	13,457	13,979
Bank overdrafts	19	-	51,912
		<u>13,457</u>	<u>65,891</u>

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 25 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	1,890	1,780
- Share registry services	1,900	1,900
Total auditor's remuneration	<u>9,390</u>	<u>9,080</u>

Note 26 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Lara Cheyenne Wilde
Melanie Louise Wilson
Stirling Lyle Christian Tavener
Wayne Francis Dorgan
Gavin Ian Wright
Rebecca Jayne Henry
Desmond John Scanlan
Anne Vosoba

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.

Ravenshoe-Gulf Country Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 27 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	96,834	86,567
	Number	Number
Weighted-average number of ordinary shares	662,409	662,409
	Cents	Cents
Basic and diluted earnings per share	14.62	13.07

Note 28 Commitments

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

Note 29 Contingencies

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

Note 30 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.

Ravenshoe-Gulf Country Community Enterprises Limited

Directors' Declaration

In accordance with a resolution of the directors of Ravenshoe-Gulf Country 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.

A handwritten signature in black ink, appearing to read 'LARA WILDE', is written above a solid horizontal line.

Lara Cheyenne Wilde, Chair

Dated this 3rd day of September 2021

Independent auditor's report to the Directors of Ravenshoe-Gulf Country Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ravenshoe-Gulf Country 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 Ravenshoe-Gulf Country 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.

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.

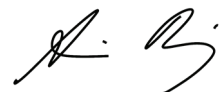
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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: 3 September 2021



Adrian Downing
Lead Auditor