2021

Annual Report

Strzelecki Ranges Community Enterprises Limited

ABN 76 139 013 095

Community Bank · Mirboo North & District

Contents

Chairman's report

For year ending 30 June 2021

The past year has seen the extended COVID-19 crisis and its ongoing impact on the financial market. Despite living through a challenging time as a result, the strength of the business that is Strzelecki Ranges Community Enterprises Limited (SRCEL) has been proven throughout the past financial year. The Board continues to focus on supporting the Community, our staff and our shareholders during these difficult times.

This report is the 11th Annual Report for the SRCEL business.

The Community Bank Mirboo North & District's team, led by Faith Monnich and ably assisted by Alan Bannister (our Business Development Manager), have been a huge asset to our business. This is reflected in the growth of the banking business over the past financial year.

The company has continued to support the communities in our district through the distribution of grants, scholarships for local students and donations. We can only do this by the ongoing support from our customers and shareholders through their banking activities. This year, the amount of Community Contributions is $110,290 making the total for the past 11 years $1,213,203.

I am pleased to announce that, once again, we will be rewarding our shareholders with a fully franked 5-cent dividend, to be paid in December 2021. This means that we have been able to maintain a 5-cent dividend for four years in a row.

Earlier this year, we employed our third trainee, Gemma Napier, who has settled into her role assisted in her development by all the staff. The Board appreciates the efforts of all our loyal and professional staff who always go above and beyond for our customers.

We lost one of our original staff members, Kim Farquharson, who resigned from the branch to pursue other opportunities. Kim has been a valued member of our business and will be missed by everyone.

A new director, Stephen Koci from Mirboo North has joined the Board and brings skills to the business through his experience in finance and governance and his involvement in the community.

I would like to thank my fellow Directors and our Executive Officer Anne Marie Dieperink for their commitment to the Community Bank and its philosophy of giving back to the community. Without their input the Board could not function in a cohesive manner to maximise the overall performance of the business.

W Warner

Warren Warner
Chair

Manager’s report

For year ending 30 June 2021

It is with great pleasure that I submit my first official Branch Manager’s report for the Community Bank Mirboo North & District.

Again, this year, we faced a year like no other. Through numerous lockdowns and the uncertainty of COVID-19 restrictions, we have achieved some both remarkable and unprecedented results. I don’t think that anyone could have predicted the level of both lending and deposit growth we have been able to achieve in the midst of the pandemic.

We were able to grow our business and increase our total footings to $125.6 million, an increase of $16.5 million on our opening balance. As a result, we have achieved a profit of $59,913.

Record low interest rates, demand for regional properties and a very strong local market have been major co-contributing factors behind this growth. We aim to be able to maintain this trajectory in the coming financial year.

Our traineeship program continues to be a great launching platform for school leavers from our community. Tayla Dyke left us in December to further her finance career and education and is now completing a Bachelor of Commerce. We are proud to say that we have been a small part in her journey and wish her all the best with her future. Jemma Napier commenced her traineeship with us in February and is already proving herself to be a valued team member.

I would like to offer my sincere and heartfelt thanks to all our staff, directors, customers, shareholders and community for their support over the past 12 months. Especially so to our staff; without their hard work none of our achievements this year would have been possible. Whilst we have achieved great success in terms of business growth, it has without doubt been a tough year and our branch staff have been unwavering in their enthusiasm and continued dedication in delivering the very best outcomes for our customers. I am extremely proud of how our staff have responded to the challenges we have faced over the last year and I have the greatest confidence they will show the same dedication and tenacity moving into financial year 2021/22.

FMonnich

Faith Monnich
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2021

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

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

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

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

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

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

As we continue to adapt to this rapidly changing world one thing that continues to be important to us all is supporting each another 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

Directors' report

For the financial year ended 30 June 2021

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

Directors

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

Warren Leigh Warner

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Currently, Warren is actively involved in community work with the Friends of the Lyrebird Forest Walk/Rail Trial, the Leongatha/Woorayl Probus Club and Mirboo North Golf Club. Warren's work experience was in the Grocery and Pharmacy industries for 39 years where he was responsible for national major accounts in Retail and Commercial channels. At the last company, Goodman Fielder, Warren was responsible for all national accounts in the Commercial Bread Department. This involved management of major accounts, volume, income generated and profitability.

Special responsibilities: Chair of the Board and Finance & Audit Committee

Interest in shares: 8,000 ordinary shares

Janette Mary Head

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Former Bank Officer, Waitress, Head of Retail Department. Staff Trainer. Involved in St Joseph's Catholic Church and Friends of Library Group.

Special responsibilities: Vice Chair, Business Development & Community Investment and Human Resources & Property Committees

Interest in shares: 5,000 ordinary shares

Annette Margaretha Dieperink

Non-executive director

Occupation: Executive Officer

Qualifications, experience and expertise: Bachelor of Economics, Logistics Manager (Westmin Talc, PENNZOIL Motor Oils), Senior Business Analyst (IBM HQ Amsterdam, AHMG Health Insurance, Sage Technology, GDF-Suez Hazelwood) and Executive Officer /Company Secretary SRCEL 2014 – current. Community Involvement: past Secretary, Vice President and President of Mirboo North Kindergarten, Coordinator of Mirboo North Art Show 2009 – 2017.

Special responsibilities: Business Development & Community Investment, Human Resources & Property, Finance & Audit and Governance Committees. Company Secretary, Director and Executive Officer.

Interest in shares: 3,759 ordinary shares

Directors (continued)

Thomasin Jane Bales

Non-executive director

Occupation: Environmental Consultant

Qualifications, experience and expertise: Thomasin (BA, BSc(Hons), MEnvSc) is an environmental and community consultant with Ecocentric, with experience in geological exploration, contaminated land assessment and remediation, waste management, environmental management, ecological assessment. The conduct of community surveys and organisational assessments, the building of community databases, directories and websites. The development of business case, communications strategies, social media programs and succession plans. The management of community events, development and review of governance structures. She has an extensive history of Involvement with industry and community groups and currently volunteers for ArtSpace, Boomerang Bags Mirboo North, Friends of Turtons Creek and Mirboo Recreation Reserve.

Special responsibilities: Governance Committee.

Interest in shares: nil

Machteld Lebertha Thomas

Non-executive director

Occupation: Self-employed Hairdresser (semi-retired)

Qualifications, experience and expertise: Former managerial roles at David & Leni Hairdressing Salon, Frankston & Rae Dawn Salon, Cheltenham. Self-employed hairdresser for the past 36 years - on-going. Holds a Tertiary Certificate in Behavioural Studies 1A & 1B TAFE, 1985. Qualified Hairdresser & Manicurist, Melbourne School of Hairdressing 1971. Member of Coal and Gasfield Free Mirboo North (former Facilitator & Media Liaison) and Chair & Media Liaison for Preserve our Forests Steering Committee.

Special responsibilities: Business Development & Community Investment Committee

Interest in shares: nil

Kerry Anne Ives

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Certificate IV in Training and Assessment; Certificate IV in Human Resource Operations and 90% of a Certificate of Art & Design. Former Industry Consultant and Operations Manager with a not-for-profit company involved in workforce development within the information and communications technology (ICT) sectors. Former association representative on the Council of Small Business Organisations Australia (COSBOA). Former Federal Government employee in the areas of employment, training, education and youth affairs. Member of the Victorian Country Women's Association Mirboo North Night Owls, U3A and ArtSpace.

Special responsibilities: Human Resources & Property Committee

Interest in shares: nil

Colin Alexander Brick

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Accountant, B.Comm at Melbourne University. Extensive community involvement.

Special responsibilities: Finance & Audit Committee.

Interest in shares: 500 ordinary shares

Directors (continued)

Stephen Koci

Non-executive director (appointed 3 February 2021)

Occupation: Senior Quality Assessor (Age Care Quality & Safety Commission)

Qualifications, experience and expertise: Diploma of Financial Markets and Associate Diploma of Business. Cub leader 1st Mirboo North Scout Group. Treasurer and Secretary of Preserve our Forests Mirboo North. Committee member of Friends of Mirboo North Pool. Committee member of Nichols Road Recreation Reserve. Experience in stock-broking, compliance, audit and risk management.

Special responsibilities: Governance Committee

Interest in shares: nil

Matthew Joseph Gleeson

Non-executive director (resigned 25 November 2020)

Occupation: Dairy Farmer

Qualifications, experience and expertise: Dairy farmer at Boolarra. Chair of Boolarra Public Cemetery Trust. Chair of Our Farm Our Plan Steering Committee (Dairy Australia). Chair Gippsland Dairy Industry Leadership Group. Member of Southern Rural Water Southern Groundwater and Rivers Forum. Justice of the Peace. Bachelor of Business. Advanced Diploma of Agriculture. MAICD, AMICDA.

Special responsibilities: Human Resources & Property and Governance Committees.

Interest in shares: 2,000 ordinary shares

John Villers Butler

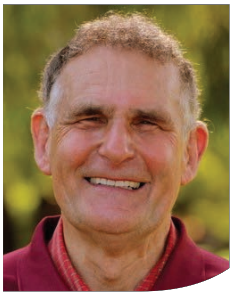
Non-executive director (resigned 25 November 2020)

Occupation: Retired

Qualifications, experience and expertise: Former Vet Practice owner and principal vet (Animal Clinic Morwell). Former Vet Director (Greencross Vets Morwell). Committee Member (Yinnar and District Community Assoc.), Member Yinnar CFA. Bachelor of Vet Sci and Master Vet Studies. Yinnar and District Lions Club Treasurer.

Special responsibilities: Business Development & Community Investment Committee.

Interest in shares: nil



David John Lewis

Non-executive director (resigned 18 August 2020)

Occupation: Beef Farming

Qualifications, experience and expertise: Experience includes production, engineering and management in public companies. Local Government Councillor and Mayor. Qualifications BSc (Eng), Fellow AIMM.

Special responsibilities: Governance Committee

Interest in shares: 2,000 ordinary shares

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 Annette Margaretha Dieperink. Annette was appointed to the position of secretary on 9 October 2014.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
59,913	187,821

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Warren Leigh Warner	6,000	2,000	8,000
Janette Mary Head	5,000	-	5,000
Annette Margaretha Dieperink	3,509	250	3,759
Thomasin Jane Bales	-	-	-
Machteld Lebertha Thomas	-	-	-
Colin Alexander Brick	500	-	500
Kerry Anne Ives	-	-	-
Stephen Koci	-	-	-
Matthew Joseph Gleeson	2,000	-	2,000
John Villers Butler	-	-	-
David John Lewis	2,000	-	2,000

Dividends

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

	Cents per share	Total amount $
Final fully franked dividend	5	41,673

Significant changes in the state of affairs

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

In the opinion of the directors there were no 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 (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

E - eligible to attend   A - number attended

	Board Meetings Attended		Committee Meetings Attended							
			Finance & Audit		Business Development & Community Investment		Human Resources & Property		Governance	
	E	A	E	A	E	A	E	A	E	A
Warren Leigh Warner	11	11	10	8	-	-	-	-	-	-
Janette Mary Head	11	11	-	-	10	10	5	5	-	-
Annette Margaretha Dieperink	11	11	10	10	10	10	9	9	3	3
Thomasin Jane Bales	11	6	-	-	-	-	-	-	6	6
Machteld Lebertha Thomas	11	10	-	-	10	10	-	-	-	-
Colin Alexander Brick	11	11	10	10	-	-	-	-	-	-
Kerry Anne Ives	11	10	-	-	-	-	9	9	-	-
Stephen Koci	1	1	-	-	-	-	-	-	3	3
Matthew Joseph Gleeson	4	3	-	-	-	-	4	4	3	3
John Villers Butler	4	4	-	-	5	4	-	-	-	-
David John Lewis	4	4	-	-	-	-	-	-	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*.

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 28 to the accounts.

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

- all non-audit services have been reviewed by the Finance & Audit Committee 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 11.

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

Warren Leigh Warner
Chair

Dated this 29th day of September 2021

Auditor's independence declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Strzelecki Ranges Community Enterprises Limited

As lead auditor for the audit of Strzelecki Ranges 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: 29 September 2021

Joshua Griffin
Lead Auditor

Financial statements

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2021

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	733,602	817,319
Other revenue	9	38,710	97,515
Finance income	10	3,316	6,055
Employee benefit expenses	11d)	(418,522)	(411,101)
Advertising and promotional costs		(4,838)	(8,692)
Charitable donations and sponsorship	11b)	(110,290)	(64,996)
Occupancy and associated costs		(22,193)	(28,998)
Systems costs		(35,464)	(33,093)
Depreciation and amortisation expense	11a)	(36,173)	(35,626)
General administration expenses		(86,613)	(85,718)
Fair value gains/(losses) on investments	12	17,240	(15,264)
Profit before income tax expense		78,775	237,401
Income tax expense	13a)	(18,862)	(49,580)
Profit after income tax expense		59,913	187,821
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		59,913	187,821
Earnings per share		¢	¢
- Diluted earnings per share:	31a)	7.19	22.54

The accompanying notes form part of these financial statements

Statement of Financial Position

as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	14	591,512	598,467
Trade and other receivables	16a)	71,127	109,458
Other investments	15a)	51,967	34,728
Total current assets		714,606	742,653
Non-current assets			
Property, plant and equipment	17a)	472,775	492,922
Intangible assets	18a)	51,885	64,856
Total non-current assets		524,660	557,778
Total assets		1,239,266	1,300,431
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	39,017	87,342
Current tax liabilities	19a)	169	35,801
Loans and borrowings	21a)	-	1,000
Employee benefits	22a)	49,981	41,688
Total current liabilities		89,167	165,831
Non-current liabilities			
Employee benefits	22b)	7,944	8,590
Deferred tax liability	19b)	34,175	36,270
Total non-current liabilities		42,119	44,860
Total liabilities		131,286	210,691
Net assets		1,107,980	1,089,740
EQUITY			
Issued capital	23a)	812,778	812,778
Retained earnings	24	199,367	181,127
Revaluation reserves	25	95,835	95,835
Total equity		1,107,980	1,089,740

The accompanying notes form part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2021

	Notes	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2019		812,778	-	34,979	847,757
Total comprehensive income for the year		-	-	187,821	187,821
Transactions with owners in their capacity as owners:					
Revaluation reserve	25	-	95,835	-	95,835
Dividends provided for or paid	30a)	-	-	(41,673)	(41,673)
Balance at 30 June 2020		812,778	95,835	181,127	1,089,740
Balance at 1 July 2020		812,778	95,835	181,127	1,089,740
Total comprehensive income for the year		-	-	59,913	59,913
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	30a)	-	-	(41,673)	(41,673)
Balance at 30 June 2021		812,778	95,835	199,367	1,107,980

The accompanying notes form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		858,957	991,608
Payments to suppliers and employees		(691,764)	(719,612)
Interest received		4,448	5,458
Lease payments not included in the measurement of lease liabilities	11e)	(18,006)	(16,666)
Dividends received		1,387	1,536
Income taxes paid		(51,392)	(15,305)
Net cash provided by operating activities	26	103,630	247,019
Cash flows from investing activities			
Payments for property, plant and equipment		(3,056)	(12,213)
Proceeds from sale of property, plant and equipment		-	4,545
Payments for intangible assets		(64,856)	-
Payments for investments		-	(49,991)
Net cash used in investing activities		(67,912)	(57,659)
Cash flows from financing activities			
Repayment of loans and borrowings		(1,000)	-
Dividends paid	30a)	(41,673)	(41,673)
Net cash used in financing activities		(42,673)	(41,673)
Net cash increase/(decrease) in cash held		(6,955)	147,687
Cash and cash equivalents at the beginning of the financial year		598,467	450,780
Cash and cash equivalents at the end of the financial year	14	591,512	598,467

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2021

Note 1 Reporting entity

This is the financial report for Strzelecki Ranges 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
88 Ridgway Road Mirboo North VIC 3871	88 Ridgway Road Mirboo North VIC 3871

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 29.

Note 2 Basis of preparation and statement of compliance

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

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

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

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also).

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.

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

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

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:

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

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

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

Ability to change financial return

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

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

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

b) Other revenue

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

Revenue	Revenue recognition policy
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
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.

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

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.

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

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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.

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

e) Taxes *(continued)*

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

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

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

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line and/or diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

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

Asset class	Method	Useful life
Building	Straight-line	40 years
Leasehold improvements	Straight-line	6 to 40 years
Plant and equipment	Straight-line and diminishing value	1 to 12 years

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

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

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 and domiciled customer accounts acquired are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)
Domiciled customer accounts	Assessed for impairment	Indefinite

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 equity securities (shares).

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

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

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

j) Impairment

Non-derivative financial assets

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

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

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

j) Impairment *(continued)*

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) Leases

Short-term leases and leases of low-value assets

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

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

m) Fair value measurement

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

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

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:

Note	Judgement
- Note 21 - 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:

Note	Assumptions
- Note 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 27 - fair value	determining the fair value less costs to sell of the disposal group on the basis valuations performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Note 11a) - impairment test of intangible assets	key assumptions underlying recoverable amounts;
- Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 22 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation.

Note 6 Financial risk management

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

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

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.

Note 6 Financial risk management *(continued)*

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

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Trade and other payables	39,017	39,017	-	-
	39,017	39,017	-	-

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	1,000	1,000	-	-
Trade and other payables	87,342	87,342	-	-
	88,342	88,342	-	-

c) Market risk

Market risk

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

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

Price risk

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

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

Sensitivity analysis - equity price risk

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

	2021 $		2020 $	
	10% increase	10% decrease	10% increase	10% decrease
Equity securities	5,197	(5,197)	3,473	(3,473)

Note 6 Financial risk management *(continued)*

c) Market risk *(continued)*

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 $591,512 at 30 June 2021 (2020: $598,467). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	608,604	683,840
- Fee income	77,558	85,300
- Commission income	47,440	48,179
	733,602	817,319

Note 9 Other revenue

	2021 $	2020 $
- Dividend and distribution income	1,387	1,536
- Market development fund income	22,500	25,000
- Cash flow boost	-	57,788
- Sale of property, plant and equipment	-	4,545
- Other income	14,823	8,646
	38,710	97,515

Note 10 Finance income

	2021 $	2020 $
- Term deposits	3,316	6,055

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

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Buildings	8,975	5,362
- Leasehold improvements	9,355	12,774
- Plant and equipment	4,872	2,857
- Motor vehicles	-	1,078
	23,202	22,071
Amortisation of intangible assets:		
- Franchise fee	2,162	2,259
- Franchise renewal process fee	10,809	11,296
	12,971	13,555
Total depreciation and amortisation expense	36,173	35,626

b) Charitable donations, sponsorship, advertising and promotion

The overarching philosophy of the Community Bank model is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	Note	2021 $	2020 $
- Direct sponsorship and promotion payments		68,185	15,473
- Contribution to the Community Enterprise Foundation™ (CEF)	11c)	42,105	49,523
		110,290	64,996

The funds contributed are held by the CEF and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 11 Expenses *(continued)*

c) Community Enterprise Foundation™ contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations and sponsorship expenditure included in profit or loss.

Disaggregation of CEF funds	Note	2021 $	2020 $
Opening balance		86,785	197,598
Contributions paid in	11b)	42,105	49,523
Grants paid out		(22,250)	(160,345)
Interest received		559	2,114
Management fees incurred		(2,105)	(2,105)
Balance available for distribution		105,094	86,785

d) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	346,189	342,122
Non-cash benefits	(167)	4,859
Contributions to defined contribution plans	33,467	32,178
Expenses related to long service leave	3,856	(1,187)
Other expenses	35,177	33,129
	418,522	411,101

e) Recognition exemption

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

The company pays for the right to use an administration office in Yinnar. The lease agreement is expired and continues on existing terms on a month-by-month basis with no significant penalty for termination. As such the lease has been assessed as short term and exempted from recognition under AASB 16 accounting. Expenses relating to short term exempt leases are included in occupancy and associated costs expenses.

	2021 $	2020 $
Expenses relating to low-value leases	15,170	13,830
Expenses relating to short-term leases	2,836	2,836
	18,006	16,666

Note 12 Fair value gains/(losses) on investments

	2021 $	2020 $
At FVTPL - equity instruments	17,240	(15,264)

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

Note 13 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss	2021 $	2020 $
Current tax expense/(credit)		
- Current tax	21,562	56,910
- Net benefit of franking credits on dividends received	(594)	(658)
- Changes in estimates related to prior years	-	2,220
- Movement in deferred tax	(739)	(6,799)
- Adjustment to deferred tax on AASB 16 retrospective application	-	(2,093)
- Reduction in company tax rate	(1,367)	-
	18,862	49,580

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 gain of $1,367 related to the remeasurement of deferred tax assets and liabilities of the company.

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating profit before taxation	78,775	237,401
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	20,482	65,284
Tax effect of:		
- Non-deductible expenses	186	538
- Non-assessable income	-	(15,711)
- Temporary differences	739	6,799
- Other assessable income	155	-
- Movement in deferred tax	(739)	(6,799)
- Net benefit of franking credits on distributions received	(594)	(658)
- Leases initial recognition	-	(2,093)
- Under/(over) provision of income tax in the prior year	-	2,220
- Reduction in company tax rate	(1,367)	-
	18,862	49,580

Note 14 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	150,519	207,501
- Term deposits	440,993	390,966
	591,512	598,467

Note 15 Other investments

a) Current investments	2021 $	2020 $
Equity securities - at FVTPL	51,967	34,728

Note 16 Trade and other receivables

a) Current assets	2021 $	2020 $
Trade receivables	58,942	70,671
Prepayments	9,353	15,657
Other receivables and accruals	2,832	23,130
	71,127	109,458

Note 17 Property, plant and equipment

a) Carrying amounts	2021 $	2020 $
Land		
At fair value	56,000	56,000
Buildings		
At fair value	359,000	359,000
Less: accumulated depreciation	(8,975)	-
	350,025	359,000
Leasehold improvements		
At cost	121,174	121,174
Less: accumulated depreciation	(71,147)	(61,792)
	50,027	59,382
Plant and equipment		
At cost	69,339	74,444
Less: accumulated depreciation	(52,616)	(55,904)
	16,723	18,540
Total written down amount	472,775	492,922

b) Reconciliation of carrying amounts

Land		
Carrying amount at beginning	56,000	35,000
Valuation increment	-	21,000
	56,000	56,000
Buildings		
Carrying amount at beginning	359,000	176,714
Assets transferred in from leasehold improvements	-	76,462
Valuation increment	-	111,186
Depreciation	(8,975)	(5,362)
	350,025	359,000

Note 17 Property, plant and equipment *(continued)*

b) Reconciliation of carrying amounts *(continued)*

	2021 $	2020 $
Leasehold improvements		
Carrying amount at beginning	59,382	148,618
Assets transferred out to buildings	-	(76,462)
Depreciation	(9,355)	(12,774)
	50,027	59,382
Plant and equipment		
Carrying amount at beginning	18,540	9,486
Additions	3,055	12,212
Disposals	-	(301)
Depreciation	(4,872)	(2,857)
	16,723	18,540
Motor vehicles		
Carrying amount at beginning	-	1,078
Depreciation	-	(1,078)
	-	-
Total written down amount	472,775	492,922

c) Changes in estimates

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

d) Fair value

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

The company's Mirboo North property was independently valued by Stockdale & Leggo Mirboo North on 31 August 2020. The valuations resulted in an increment to the carrying amount of the land and buildings resulting in a revaluation gain of $95,835 (net of tax) in the Statement of Changes in Equity.

Note 18 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	32,106	32,106
Less: accumulated amortisation	(23,459)	(21,297)
	8,647	10,809

Note 18 Intangible assets *(continued)*

a) Carrying amounts *(continued)*

	2021 $	2020 $
Franchise renewal process fee		
At cost	110,531	110,531
Less: accumulated amortisation	(67,293)	(56,484)
	43,238	54,047
Cash-generating unit - domiciled accounts		
At cost	19,680	19,680
Less: impairment	(19,680)	(19,680)
	-	-
Other intangible assets		
At cost	68,182	68,182
Less: impairment	(68,182)	(68,182)
	-	-
Total written down amount	51,885	64,856

b) Reconciliation of carrying amounts

	2021 $	2020 $
Franchise fee		
Carrying amount at beginning	10,809	2,259
Additions	-	10,809
Amortisation	(2,162)	(2,259)
	8,647	10,809
Franchise renewal process fee		
Carrying amount at beginning	54,047	11,296
Additions	-	54,047
Amortisation	(10,809)	(11,296)
	43,238	54,047
Cash-generating unit - domiciled accounts		
Carrying amount at beginning	-	19,680
Impairment	-	(19,680)
	-	-
Other intangible assets		
Carrying amount at beginning	-	68,182
Impairment	-	(68,182)
Carrying amount at end	-	-
Total written down amount	51,885	64,856

c) Changes in estimates

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

Note 19 Tax assets and liabilities

a) Current tax

	2021 $	2020 $
Income tax payable	169	35,801

b) Deferred tax

	2021 $	2020 $
Deferred tax assets		
- expense accruals	775	1,014
- employee provisions	14,481	13,073
- fair value of investments	-	3,969
Total deferred tax assets	15,256	18,056
Deferred tax liabilities		
- income accruals	82	378
- fair value of investments	494	-
- property, plant and equipment	48,855	53,948
Total deferred tax liabilities	49,431	54,326
Net deferred tax assets (liabilities)	(34,175)	(36,270)
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(2,106)	6,799

Note 20 Trade creditors and other payables

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

a) Current liabilities

	2021 $	2020 $
Trade creditors	23,836	4,623
Other creditors and accruals	15,181	82,719
	39,017	87,342

Note 21 Loans and borrowings

a) Current liabilities

	2021 $	2020 $
Secured bank loans	-	1,000

During the year, the company repaid the remaining balance of the loan and closed the account..

Note 22 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	27,520	23,729
Provision for long service leave	22,461	17,959
	49,981	41,688

Note 22 Employee benefits *(continued)*

b) Non-current liabilities

	2021 $	2020 $
Provision for long service leave	7,944	8,590

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	833,462	833,462	833,462	833,462
Less: equity raising costs	-	(20,684)	-	(20,684)
	833,462	812,778	833,462	812,778

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.*

Note 23 Issued capital *(continued)*

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 339. As at the date of this report, the company had 347 shareholders (2020: 358 shareholders).

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

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

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

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

Note 24 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		181,127	34,979
Net profit after tax from ordinary activities		59,913	187,821
Dividends provided for or paid	30a)	(41,673)	(41,673)
Balance at end of reporting period		199,367	181,127

Note 25 Reserves

a) Nature and purpose of reserves

The revaluation reserve relates to the revaluation of property, plant and equipment.

b) Disaggregation of reserve balances, net of tax

	Revaluation reserve	
	2021 $	2020 $
Balance at beginning of reporting period	95,835	-
Revaluation of property plant and equipment	-	95,835
Balance at end of reporting period	95,835	95,835

Note 26 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	59,913	187,821
Adjustments for:		
- Depreciation	23,202	22,071
- Amortisation	12,971	13,555
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	(17,240)	15,264
- (Profit)/loss on disposal of non-current assets	-	(4,545)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	38,331	(34,911)
- (Increase)/decrease in other assets	-	(21,801)
- Increase/(decrease) in trade and other payables	16,535	(622)
- Increase/(decrease) in employee benefits	7,647	6,926
- Increase/(decrease) in tax liabilities	(37,729)	63,261
Net cash flows provided by operating activities	103,630	247,019

Note 27 Financial instruments - fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value level	
		2021	2021	2020	2020	2021	2020
		$	$	$	$	$	$
	Note	FVTPL	At amortised cost	FVTPL	At amortised cost	Level 1	Level 1
Financial assets measured at fair value:							
Equity securities	15	51,967	-	34,728	-	51,967	34,728
Financial assets not measured at fair value:							
Trade and other receivables	16	-	61,774	-	93,801	-	-
Cash and cash	14	-	150,519	-	207,501	-	-
Term deposits	14	-	440,993	-	390,966	-	-
		-	653,286	-	692,268	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	20	-	39,017	-	87,342	-	-

Note 28 Auditor's remuneration

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

	2021	2020
Audit and review services	$	$
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	1,300	1,300
- General advisory services	3,195	2,780
- Share registry services	3,835	3,846
Total auditor's remuneration	13,330	12,726

Note 29 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Warren Leigh Warner
Janette Mary Head
Annette Margaretha Dieperink
Thomasin Jane Bales
Machteld Lebertha Thomas
Colin Alexander Brick
Kerry Anne Ives
Stephen Koci
Matthew Joseph Gleeson
John Villers Butler
David John Lewis

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 30 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	5.00	41,673	5.00	41,673

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

Note 30 Dividends provided for or paid *(continued)*

b) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	99,479	99,323
Franking transactions during the financial year:		
- franking credits (debits) arising from income taxes paid (refunded)	35,791	(12,028)
- franking credits from the payment of income tax instalments during the financial year	15,600	27,333
- Franking credits from franked distributions received	594	658
- Franking debits from the payment of franked distributions	(14,642)	(15,807)
Franking account balance at the end of the financial year	136,822	99,479
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	5,367	35,791
Franking credits available for future reporting periods	142,189	135,270

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

Note 31 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	59,913	187,821
	Number	Number
Weighted-average number of ordinary shares	833,462	833,462
	Cents	Cents
Basic and diluted earnings per share	7.19	22.54

Note 32 Commitments

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

Note 33 Contingencies

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

Note 34 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 Strzelecki Ranges 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.

Warren Leigh Warner, Chair

Dated this 29th day of September 2021

Independent audit report

AFS
Partners in success
Chartered Accountants

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Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of Strzelecki Ranges Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strzelecki Ranges 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 Strzelecki Ranges 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.

Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

Joshua Griffin
Lead Auditor

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