



2021 Annual Report



Upper Yarra Community Enterprise Limited

ABN 54 090 252 627

Community Bank · Warburton and Yarra Junction & District

Contents

Chair and Managing Director's report	1
Community investment	4
Warburton Mini Hydro	9
Senior Branch Manager's report	10
Bendigo and Adelaide Bank report	12
Directors' report	13
Auditor's independence declaration	18
Financial statements	19
Notes to the financial statements	23
Directors' declaration	47
Independent audit report	48

On our 2021 cover



Community Calendar competition entry, 'Pollinating Bee', Diana Southwick.



Directors Upper Yarra Community Enterprise Limited.



Kristy Sumner, Senior Branch Manager with Ashlee Shotter, Chelsea Szabo, Laura Jayne, our Youth Scholarship recipients.



Branch staff Community Banks Warburton and Yarra Junction.

Chair and Managing Director's report

For year ending 30 June 2021



Our Vision

To be integral in building community capacity for a vibrant, resilient and sustainable Upper Yarra region.

Welcome to the Upper Yarra Community Enterprise Limited (UYCE) Annual report for the year ending 30 June 2021. What an incredible and challenging year it has been right around the globe. Who would have thought 12 months ago that the COVID-19 pandemic would still be having such an impact on us all? Whilst COVID-19 has not had a significant impact on the financial performance of the company over the last 12 months, it has permanently changed the way our customers transact with us.

This report represents a consolidated set of accounts for the operations of UYCE and Upper Yarra Community Power Pty Ltd (UYCP).

Overall, the organisation performed in line with expectations which is pleasing, and we have continued to focus on delivery of our four-year strategic plan.

Financial performance

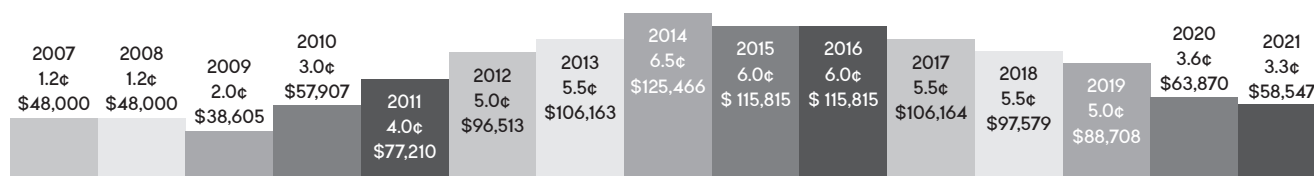
In regard to banking operations profit after tax and before community investments, increased slightly to reach \$246,184. (\$239,301 last year). Whilst this is a welcome result, both years' results are inflated by the tax-free Government 'Cash Flow Boost Payments' totalling \$100,000 of financial support across the two years. Government stipulation is that these payments are intended to help SME businesses such as ours, to recover and drive growth post-pandemic. These payments are not likely to be available into the future.

Whilst overall revenue was down on previous years, we achieved offsetting savings in expenses.

Our focus remains improving the overall position of the balance sheet. During the year we strategically deposited \$300,000 into a Sandhurst Select Mortgage Fund and have still retained a healthy operating balance. This is in addition to the \$198,000 in Bendigo Bank shares held by the company. Our balance sheet is in a relatively strong position compared to previous years.

For financial year 2019/20 the dividend of 3.3 cents, fully franked, was a slight reduction on the previous years, nevertheless a good outcome given the current environment. The dividend announcement for 2020/21, yet to be made, will be similar to 2019/20. The outlook beyond that is an ongoing focus for the Board.

Fully Franked Dividend – by financial year of payment



Chair and Managing Director's report (continued)

Staff and Board

We have had a very stable staff and Board over the last 12 months with no changes. I would particularly like to thank Kristy Sumner (Senior Branch Manager) and her wonderful team for their commitment and resilience over difficult times. I take this opportunity to thank my fellow Board members for volunteering their time, their professionalism and their ongoing commitment. The Board have remained very focussed and engaged despite the challenges that virtual meetings present. Corporate staff have operated from home most of the year and have continued to focus on delivery of the company strategic plan, whilst this has been challenging, they are to be congratulated on their collective achievements over the year.

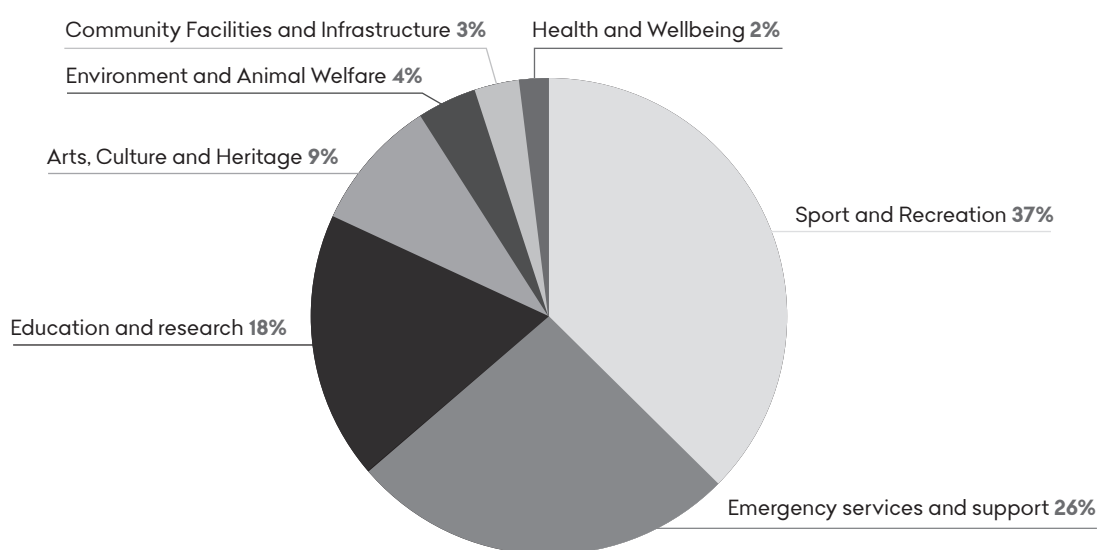
Community investment

Through the Community Investment Program, we have reinvested \$4.5 million back into the local community through grants, sponsorships and donations. An outstanding achievement over our 21-year history and one to be extremely proud of.

In addition to this we have returned over \$1.2 million to shareholders in dividends as well as being a local employer who uses local suppliers and service providers where possible.

Contributions made for 2020/21 were \$81,000, down somewhat from previous three years, \$284,000, \$160,000 and \$173,000 respectively. This was in part attributable to the pandemic, with little or no community events undertaken throughout the year, and the fact that we did not pay additional funds into the Community Enterprise Foundation™ (CEF). The balance of the CEF is slightly under \$100,000.

Community contributions % by category 2020/21



A full list of recipients that benefitted from our Community Investment Program for 2020/21 are on page 4.

Warburton Mini Hydro (Upper Yarra Community Power)

UYCE continues to support the Ythan Creek Power Station Mini Hydro. This is managed by UYCP, as a wholly owned subsidiary of UYCE. I would take this opportunity to thank the Directors, Luke Whiteside (Chair), Nick Killey, Ric Butler, Neil Jorgensen and Garry Lewis (Proxy) for their continued contribution throughout the year. Their ongoing volunteer commitment to this amazing project is greatly appreciated.

The Hydro performed to expectation for the year almost identical to the previous year's performance, achieving a slight cash surplus. This project heavily relies on favourable weather conditions, which has been excellent in recent years, the feed in tariff (FIT) payable to UYCP, which has been consistently around 12.4 cents in recent years in addition to the market price for the sale of Renewable Energy Certificates (REC) which are generated by the plant. Whilst the FIT and REC have remained reasonably stable in recent times there are some concerns that they may reduce in the future. If this occurs it may put some financial pressures on this project.

Chair and Managing Director's report (continued)

Due to the requirements to consolidate the operations of UYCE and UYCP into one set of accounts, and to ensure transparency, set out in page 9 is a statement covering the financial performance of each organisation for the 2020/21 period.

Warburton Waterwheel

UYCE continues to provide a significant in-kind contribution to the Warburton Waterwheel, the Upper Yarra Visitor Information Centre. The Waterwheel is the official site for tourism promotion in the Warburton Valley and provides visitor information, an Art Gallery, Indoor Forest and showcases the work of local artists and artisans through a retail space.

The Centre has been significantly impacted by closures due to COVID-19 and to date this has been manageable. The Warburton Waterwheel Board has recently developed and adopted a strategic business plan which we are all currently working through. Our broad objective is for the Warburton Waterwheel to be self-sustaining by 2023.

I would take this opportunity to acknowledge all the volunteers who are the lifeblood of the success of the organisation. I would also like to acknowledge the contribution of the Warburton Waterwheel Ltd Board consisting of Michael Hibbert (Chair), Peta Godenzi, Anne O'Shaughnessy and Rod McKail.

The road ahead

As mentioned earlier, there is no doubt that the COVID-19 pandemic has changed the way banking will be delivered into the future. Whilst our customer numbers remain stable, our overall footings (loans and deposits) continue to grow and the products per customer is the best in the region. The impact of reduced margins, the move to online banking and changes to the profit share arrangements with Bendigo Bank will continue to challenge our business and the Board.

There appears to be many risks emerging for the years ahead. Digital banking has arrived with gusto – a movement that is actively embraced by Bendigo Bank who are accelerating their digital transformation agenda. Whilst this is seen as a positive step, it comes with new challenges.

The collective impact of these changes has made the 2021/22 budget particularly challenging.

Please be assured this is a constant focus of the Board. Changes to the way we deliver banking services moving forward is essential to our sustainability. We anticipate that growth in our business will come from new and existing customers within the Upper Yarra catchment. The focus by the Board will be on cutting our costs where we can and how we will capture and retain the local business.

Finally, I would like to thank all our customers and shareholders for their continuing support. I remind all shareholders that the Community Bank model relies on support from our local community. As shareholders you play an important part in the model, leading by example and taking full advantage of our banking services; and encouraging family, friends, and others, to do the same. The ongoing success of our Community Bank model relies on ongoing local support and participation.

Stay safe and best wishes to all.



Rod McKail
Chair & Managing Director
Upper Yarra Community Enterprise Limited

Community investment



Warburton Bowls Club



\$81,000
to 47 recipients
in 2020/21

This year saw the following organisations benefit from our Community Investment Program through sponsorship, grant or donation; and either directly from UYCE or the Community Enterprise Foundation™, the Philanthropic arm of the Bendigo and Adelaide Bank Group.

Recipient	Project	Amount
ADRA Community Centre - REDWOOD	COVID-19 support - Foodbank packages	\$2,500
AFL Outer East Commission	Joint Community Bank sponsorship 2021 season	\$4,400
Auspicious Arts auspicing Upper Yarra Musicians Collective	Youth music mentoring program with Annual River Folk Festival	\$1,000
Auspicious Arts Projects	The River Folk Festival 2021 (March)	\$5,000
B.T Dubs Café (Warburton)	COVID-19 support - UYCE Pilot voucher program	\$500
BEN Foodbank Feeding Families Appeal	Donation from UYCE	\$500*
Catprint Theatre Company Inc	COVID-19 support- Local Theatre production 'And A Nightingale Sang'	\$1,815
Corporate Cycling	COVID-19 support - Free Family Cycling event (Giro della Donna 2021)	\$1,500
Dad's Group Inc auspicing Upper Yarra Dad's Group	Sharing stories of Fatherhood and BBQ's	\$2,000
Dandenong Ranges Community Finance Ltd (on behalf of Yarra Ranges CB)	Joint Community Bank sponsorship of Yarra Valley Business Network	\$364
Forever Friends Animal Rescue	Animal Rehabilitation Sanctuary complex, new shower facility	\$2000*
Gladysdale Bakehouse (Yarra Junction)	COVID-19 support - UYCE Pilot voucher program	\$500
LinC Church Services	COVID-19 support - Foodbank packages	\$5,000
Phoenix Riding Club Inc (Adult Horse Riding)	Phoenix Riding Club Equestrian Dressage Day - Section sponsor	\$250
Powelltown Football Netball Club	2020/21 annual ongoing sports club sponsorship	\$2,000
Powelltown Football Netball Club	UYCE Club Support program	\$925
St Vincent de Paul Society	St Vincent de Paul Society Upper Yarra - Christmas vouchers 2020	\$1,140

Community investment (continued)

Recipient	Project	Amount
Three Sugars Café (Warburton)	COVID-19 support - UYCE Pilot voucher program	\$500
Upper Yarra Pony Club	COVID-19 support - membership assistance program	\$1,000
Warburton Advancement League auspicing Easter Community Fundraiser	Support to stage Community Festival on Easter Sunday	\$3,000
Warburton Advancement League auspicing The Valley Market	COVID-19 support - Musicians/entertainment at markets in 2021	\$2,750
Warburton Bowls Club	2020/21 annual ongoing sports club sponsorship	\$1,200
Warburton Bowls Club	Loan Bowls sets (3) for use by Guest Members/potential new members	\$1,214
Warburton Golf Club	2020/21 annual ongoing sports club sponsorship	\$1,200
Warburton Millgrove Cricket Club	2020/21 annual ongoing sports club sponsorship	\$1,200
Warburton Millgrove Football Netball Club	2020/21 annual ongoing sports club sponsorship	\$2,000
Warburton Primary School	NEW School based playgroup 0-5 year olds	\$4,000
Warburton Tennis Club	2020/21 annual ongoing sports club sponsorship	\$1,200
Warburton Valley CEDA	COVID-19 support - Communications and Network Forums	\$3,500
Wesburn and District Dog Obedience Club	Part sponsorship of Training Qualification for one person NDTF	\$1,666
Wesburn Junior Football Club	2020/21 annual ongoing sports club sponsorship	\$1,200
Yarra Junction Bowling Club	2020/21 annual ongoing sports club sponsorship	\$1,200
Yarra Junction Cricket Club	2020/21 annual ongoing sports club sponsorship	\$1,200
Yarra Junction Primary School	Playground cubbies in Shopfronts including Bendigo Bank branch	\$3,000
Yarra Junction Senior Football Netball Club	2020/21 annual ongoing sports club sponsorship	\$2,000
Yarra Junction Senior Football Netball Club auspicing Yarra Junction Junior Netball Club	Uniform subsidy for financially disadvantaged junior members	\$500
Yarra Ranges Film Society	COVID-19 support - special compliance requirements for Film screenings	\$3,500
Yarra Valley Catering (The Kitchen Evolution)	COVID-19 support - UYCE Pilot voucher program	\$500
Yarra Valley FM Radio	Joint Community Bank sponsorship for 2021	\$2,500
Yarra Valley Soccer Club	2020/21 annual ongoing sports club sponsorship	\$2,000

* Paid from Community Enterprise Foundation™ account





Warburton Golf Club



Yarra Junction Cricket Club



The Valley Market

Community Bank Warburton and Yarra Junction & District

Proudly supporting our
community since 2000

Yarra Junction Senior
Football Netball Club



Yarra Junction Bowls Club



Free family cycling event



Warburton Millgrove Football Netball Club

\$4.5 million

Community investment since 2000



Powelltown Football Netball Club



Yarra Valley Soccer Club



ADRA Community Centre - Redwood



Upper Yarra Pony Club

Engaging with our community



Above: Community calendar.
Right: Community Noticeboard at Warburton Bakery.
Left: Warburton Water Wheel.

Youth initiatives

The Upper Yarra Community Enterprise is committed to investing in our young people and local youth-led and focused projects that help make a real difference in the community.

Our two key annual initiatives are:

- **Ian De la Rue Youth Initiative Award** – To recognise, acknowledge and reward a young person who makes a positive contribution to their community.
- **Geoff Vickers Youth Scholarship** – To help young people in the Upper Yarra pursue and realise their academic dreams through 1st Year Tertiary support.

Join us in acknowledging and congratulating our 2021 Youth recipients.

UYCE 2021 Geoff Vickers youth Scholarships (3)	1st Year Tertiary support - Ashlee Shotter, Chelsea Szabo, Laura Jane	\$6,320
UYCE 2021 Ian De La Rue youth Initiative (2)	Youth initiative awardees- Ashlee Shotter, Jordynne Castleton	\$2,000



UYCE 2021 Ian De La Rue Youth Initiative Award

First awarded in 2012 to honour the memory of the late Ian De La Rue OAM, first Chairman of the Warburton Community Bank and a member of the Steering Committee. This Award is presented in the spirit of the late Ian De La Rue’s commitment to our community, and his passion for encouraging young people to strive for excellence and to be active in and contribute to their local community.

Pictured above are Ashlee Shotter and Jordynne Castleton receiving their awards.



UYCE 2021 Geoff Vickers Youth Scholarship

“The high cost associated with tertiary study can have a significant impact on a young person’s ability to further their education and some may not get the chance to achieve their academic dreams without some help.”

Peter Kimberley, Chairman, UYCE Ltd (09/2012-18/07/2017)

Pictured left are Laura Jayne, Ashlee Shotter, Chelsea Szabo.

Warburton Mini Hydro

Statement of performance for UYCE & UYCP

UYCE & UYCP – Consolidated Financial Statement – 1 July 2020 to 30 June 2021			
	UYCE	UYCP	Consolidated
Revenue			
Contract Income	1,483,598	96,352	1,579,950
Other Income	88,510		88,510
Total	1,572,108	96,352	1,668,460
Expenses			
General Expenses	1,202,278	56,965	1,344,451
Depreciation and amortisation	85,578	88,804	151,402
Total	1,287,856	145,769	1,433,625
Operating Profit before charitable donations and sponsorships	284,252	(49,417)	234,835
Charitable donations and sponsorships	78,222		78,222
Profit before income tax	206,030	(49,417)	156,613
Tax	38,068	(18,546)	19,522
Net Profit	167,962	(30,871)	137,091

Excludes intercompany transactions totalling \$998



Senior Branch Manager's report

For year ending 30 June 2021



Once again throughout another year scarred with COVID-19 our staff have shown their loyalty, empathy and resilience, continuing to deliver the highest level of customer service to our customers new and old.

Despite the continuing challenges that we have incurred over the last 12 months, our business had a strong financial year which saw our overall growth exceeding \$20 million.

As at 30 June 2021, Community Bank Warburton and Yarra Junction & District total business holdings increased to \$251 million, made up of \$95 million in lending, \$149 million in deposits and the remainder of \$7 million sitting in other business. Unfortunately, due to historically low interest rates effecting margins, we are yet to see this level of growth correspond to an income increase.

Again, pandemic restrictions and limited movement contributed to a substantial decrease in foot traffic and over the counter transactions, however increased activity in the property market saw home lending opportunities grow.

“We were able to maximise off the government First Home Loan Deposit Scheme, which enabled first home buyers to get into the property market with as little as 5% deposit saved. Only selected lenders were participating in the scheme, and just 10,000 places were released Australia-wide. We generated new business through this and approved over \$2.5 million in new loans to first home buyers in the 20/21 financial year. This was a great outcome for our branches, as it attracts a younger demographic to the bank that we hope to expand on in the future.”

Assistant Branch Manager – Emily Sharp

With the ongoing support from the UYCE Board, we continue to take a proactive approach to the many changes in the banking industry and how our customers want to interact with us. Whilst these changes are not always easy, the review of this information and implementation of change ensures we cement the sustainability of our business moving well into the future.

Regrettably, our Community Groups and Clubs have had limited ability to hold their events and complete projects this year. Congratulations to all the successful recipients under our Grants and Sponsorships Program in the 2020/21 financial year. The majority have been delayed in their delivery and we can't wait to get back out and about in the community to see these projects completed and benefitting the greater community.

Once again throughout another year scarred with COVID-19 our staff have shown their loyalty, empathy and resilience, continuing to deliver the highest level of customer service to our customers new and old.

We had three fun dress up days throughout the year – with all staff wearing yellow to support Daffodil Day, red to support Red Nose Day and wearing pink to support the National Breast Cancer Foundation. Staff morale was high and customers happily donated towards these great causes on the days.

Manager's report (continued)

Finally, on behalf of all the staff we would like to thank our UYCE Board Directors, shareholders and all our wonderful customers for your support throughout these challenging times. We appreciate you allowing us to help with all your banking needs and in doing so continue to support our great community.

Kind regards,



Kristy Sumner
Senior Branch Manager
Community Bank Warburton and Yarra Junction & District



Yarra Junction branch staff theme day Red Nose Day.



Warburton branch staff theme day Daffodil Day.

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.

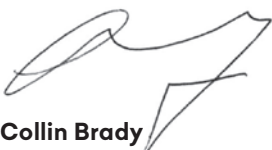
Then there's the fact that while communities have been, and continue to go in and out of lockdown, digital and online banking has become the norm.

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, on Upper Yarra Community Enterprise Limited for the financial year ended 30 June 2021.

Board of Directors

The following persons were Directors of Upper Yarra Community Enterprise Limited during the whole of the financial year up to the date of this report, unless otherwise stated:



Rodney McKail

Title: Chair / Managing Director

Experience & Expertise: Rodney was employed in Local Government for over 40 years. He worked at the Upper Yarra Shire & Lilydale Shire (now Yarra Ranges) and Knox City Council, predominantly in the Governance area. He is now retired and has recently taken on the Managing Director role with UYCE.



Sally Brennan

Title: Deputy Chair

Qualifications: Bachelor of Adult Learning and Development, Master of Education, GAICD

Experience & Expertise: Sally works as a consultant in adult education, workforce and regional development following a long career in adult community education during which time she also represented the sector in both state and national peak bodies. She has also a demonstrated and longstanding commitment to the Upper Yarra community having lived and worked in the region virtually all her life. Her involvement includes CEO Upper Yarra Community House (now Cire Services) for 23 years, Secretary/Treasurer Yarra Junction Football Netball Club and Life Member, Upper Yarra Secondary College School Council, and is currently serving as Deputy Chair of the UYCE. She is also a non executive director of the Adult Community and Further Education Board and Adult Learning Australia, and a Graduate of the Australian Institute of Company Directors.



Elizabeth Fox

Title: Non-Executive Director

Qualifications: BBS, Post Grad Diploma Psych, Post Grad Diploma Teaching, Secondary MA Special Ed

Experience & Expertise: Elizabeth is co-ordinating the Learning Enhancement Department at Tintern Grammar. She previously worked at Upper Yarra Secondary College for 18 years.



Dr Hazel Clothier

Title: Non-Executive Director

Qualifications: PhD, FIBMS, MScInfDis, MAppEpi, MAICD

Experience & Expertise: Hazel is a Public Health epidemiologist specialising in Infectious disease surveillance and vaccine safety. Hazel has been an active volunteer firefighter with the Warburton Fire Brigade for over 10 years and was awarded the National Emergency Medal for services in the 2009 Black Saturday fires. She has been Captain of the Brigade since 2014. Hazel is a member of the Australian Institute of Company Directors.

Directors' report (continued)

Board of Directors (continued)



David Schloeffel

Title: Non-Executive Director

Qualifications: MA (Comms), FPRIA, GAICD

Experience & Expertise: David has been working to help improve Australian business for 40 years, in his own consultancy work and now as a Business Design Adviser for the Australian Government's 'Entrepreneurs' Program'. He also lectured for 20 years in post graduate business programs, most recently with RMIT.



Sue Clarke

Title: Non-Executive Director

Qualifications: B.Bus (RMIT), Certified Practicing Accountant (CPA), Public Practice Certificate, Registered Tax Agent

Experience & Expertise: Sue brings her expertise, specialist knowledge and over 25 years experience to the Yarra Valley. Sue brings a wealth of knowledge and experience to the Yarra Valley and is passionate about financially empowering locals in the region through her accounting business, The Yarra Valley Accountant. She is also actively involved in the community and has assisted community groups on a volunteer basis.



Neil Jorgensen

Title: Non-Executive Director

Qualifications: Bachelor of Education and Diploma of Teaching.

Experience & Expertise: Neil retired after 43 years with the Department of Education in various teaching roles and responsibilities including 25 years as a school principal. This included Assistant Principal at Badger Creek Primary School; Principal at Wesburn Primary, Bayswater West Primary, Woori Yallock Primary and Warburton Primary Schools. In addition to school based activities, Neil worked within the district managing the School Support Services program and spent time as chairperson of the local Principals group.

Anne O'Shaughnessy

Title: Non-Executive Director

Qualifications: Dip Phys ED (Melb), Diploma Of Teaching, Grad Dip Organisation Behaviour (Swinburne)

Experience & Expertise: Retired, Anne was a Councillor and Mayor of former City of Croydon Council now Maroondah. For a number of years Anne taught in Australia and overseas. Anne also worked in Local Government for 10 years managing Aged and Disability Services. During this time Anne was involved in several organisations, Eastern Palliative Care, COTA Vic and St Vincent de Paul Community Care. Since coming to the Valley, she continues to have an active involvement in the U3A Upper Yarra and is a Life Member, and in the Upper Yarra Probuss Club. She is also a member of the Upper Yarra Valley Garden Club and the Yarra Ranges Film Society. Academically she has teaching qualifications and her most recent qualification was a Graduate Diploma in Organisation Behaviour.



Garry Michael Lewis

Title: Non-Executive Director

Qualifications: Bachelor of Education and Diploma of Primary Teaching.

Experience & Expertise: Garry, recently retired, had been with the Department of Education for 37 years actively involved in a number of teaching roles, local Upper Yarra Primary Schools' Sports Association and other responsibilities. These included Assistant Principal at Gembrook Primary School and Healesville Primary School and Principal at Gladysdale Primary School. During this time he has been actively involved in a number of local sporting clubs in both playing, coaching and administrative roles. He is a Life Member of the Warburton-Millgrove Football & Netball Club, Wesburn Junior Football Club and Warburton-Millgrove Cricket Club. He is current Secretary of the Warburton Bowls Club.

Directors' report (continued)

Board of Directors (continued)



Richard Harding Butler

Title: Non-Executive Director

Qualifications: Degree in Interior Design

Experience & Expertise: After completing his studies Ric started his own business in the field of office design, stationery and office machines in Bayswater. He was a founding director of a national dealer-owned franchise group (Office National). Ric is a long serving Committee member and Director on a cross section of local community and sporting groups. In the last two years he has developed a Tiny House construction business with three local people. One of the focuses is the possibility of tiny houses as a social housing model.

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

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

Directors' Meetings

Attendances by each Director during the year were as follows:

	Board Meetings Attended		Audit Committee Meetings	
	E	A	E	A
Rodney McKail	11	11	4	4
Sally Brennan	11	9	--	--
Elizabeth Fox	11	9	--	--
Dr Hazel Clothier	11	10	4	2
David Schloeffel	11	9	--	--
Sue Clarke	11	10	4	4
Neil Jorgensen	11	10	--	--
Anne O'Shaughnessy	11	9	--	--
Garry Michael Lewis	11	10	--	--
Richard Harding Butler	11	9	--	--

E - The number of meetings eligible to attend.

A - The number of meetings attended.

-- Not a member of that committee.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Rodney McKail has been the Company Secretary of Upper Yarra Community Enterprise Limited since February 2019. Rodney was employed in Local Government for over 40 years. He worked at the Upper Yarra Shire, Lilydale Shire (now Yarra Ranges) and Knox City Council, predominantly in the Governance area.

Principal Activities

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

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

Directors' report (continued)

Operating Results

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

	30 June 2021 (\$)	30 June 2020 (\$)	Movement
Profit After Tax	138,089	66,109	109%

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.

Directors' Interests

	Fully paid ordinary shares		
	Balance at 1 July 2020	Changes during the year	Balance at 30 June 2021
Rodney McKail	1,000	-	1,000
Sally Brennan	1,000	-	1,000
Elizabeth Fox	-	-	-
Dr Hazel Clothier	-	-	-
David Schloeffel	-	-	-
Sue Clarke	-	-	-
Neil Jorgensen	1,500	-	1,500
Anne O'Shaughnessy	1,000	-	1,000
Garry Michael Lewis	-	-	-
Richard Harding Butler	6,000	-	6,000

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	3.30	58,547
Total Amount	3.30	58,547

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant Changes in the State of Affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, 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.

Directors' report (continued)

Events since the end of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely Developments

The company will continue its policy of providing banking services to the community.

The company has made a commitment of \$300,000 grant to the Warburton Mountain Bike Destination Project. The grant is payable in next 12 to 24-month period.

Environmental Regulations

The company is not subject to any significant environmental regulation.

Indemnification & Insurance of Directors & 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.

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*.

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 18 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Warburton, Victoria.



Rodney McKail
Chair/Director

Dated this 6th day of September, 2021

Auditor's independence declaration



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Upper Yarra Community Enterprise Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Upper Yarra Community Enterprise Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in dark ink, appearing to be 'Katie' or 'Kathie'.

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 6 September 2021

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

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

	Notes	2021 \$	2020 \$
Revenue			
Revenue from contracts with customers	7	1,579,950	1,643,742
Other revenue	8	87,633	129,339
Finance income	9	877	420
		1,668,460	1,773,501
Fair value recognition	8	-	19,263
Expenses			
Employee benefits expense	10	(948,605)	(938,749)
Depreciation and amortisation	10	(173,032)	(170,831)
Finance costs	10	(29,221)	(17,716)
Administration and general costs		(179,090)	(194,228)
Occupancy expenses		(77,713)	(67,527)
IT expenses		(72,114)	(72,846)
ATM Expenses		(14,728)	(16,814)
Fair value increase/(decrease)		64,201	(79,150)
Cost of goods sold		(1,973)	-
		(1,432,275)	(1,557,861)
Operating profit before charitable donations and sponsorship		236,185	234,903
Charitable donations and sponsorship		(78,222)	(173,292)
Profit before income tax		157,963	61,611
Income tax (expense)/benefit	11	(19,874)	4,498
Profit for the year after income tax		138,089	66,109
Other comprehensive income			
Revaluation of land & building		-	546,678
Tax on revaluation		-	(150,336)
Total comprehensive income for the year		138,089	462,451
Profit attributable to the ordinary shareholders of the company		138,089	462,451
Total comprehensive income attributable to ordinary shareholders of the company		138,089	462,451
Earnings per share		¢	¢
- basic and diluted earnings per share	33	7.78	26.07

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Financial Position for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	12	249,645	387,747
Trade and other receivables	13	125,722	147,589
Inventories	14	17,290	19,263
Financial assets	15	505,995	136,204
Current tax asset	20	-	14,772
Other assets	16	15,972	6,056
Total current assets		914,624	711,631
Non-current assets			
Property, plant and equipment	17	2,019,665	2,113,712
Right-of-use assets	18	573,276	10,409
Intangible assets	19	96,544	123,487
Total non-current assets		2,689,485	2,247,608
Total assets		3,604,109	2,959,239
Liabilities			
Current liabilities			
Trade and other payables	21	108,904	104,960
Current tax liability	20	36,435	-
Borrowings	22	39,155	33,000
Lease liabilities	23	11,064	10,691
Employee benefits	24	145,860	127,475
Total current liabilities		341,418	276,126
Non-current liabilities			
Trade and other payables	21	59,274	80,828
Borrowings	22	339,969	371,835
Lease liabilities	23	576,166	-
Employee benefits	24	10,010	5,191
Deferred tax liability	20	137,332	164,861
Total non-current liabilities		1,122,751	622,715
Total liabilities		1,464,169	898,841
Net assets		2,139,940	2,060,398
Equity			
Issued capital	25	977,708	977,708
Retained earnings	26	765,890	686,348
Reserves	27	396,342	396,342
Total equity		2,139,940	2,060,398

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Notes	Issued capital \$	Retained earnings \$	Reserves \$	Total equity \$
Balance at 1 July 2019		977,708	684,109	-	1,661,817
Comprehensive income for the year					
Profit for the year		-	66,109	-	66,109
Other comprehensive income for the year		-	-	396,342	396,342
Transactions with owners in their capacity as owners					
Dividends paid or provided	32	-	(63,870)	-	(63,870)
Balance at 30 June 2020		977,708	686,348	396,342	2,060,398
Balance at 1 July 2020		977,708	686,348	396,342	2,060,398
Comprehensive income for the year					
Profit for the year		-	138,089	-	138,089
Transactions with owners in their capacity as owners					
Dividends paid or provided	32	-	(58,547)	-	(58,547)
Balance at 30 June 2021		977,708	765,890	396,342	2,139,940

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		1,837,177	1,904,818
Payments to suppliers and employees		(1,522,631)	(1,616,568)
Dividends received		5,133	11,354
Interest received		877	420
Interest paid		(11,996)	(17,716)
Income tax paid		3,805	(16,517)
Net cash flows provided by operating activities	28	312,365	265,791
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		(566)	-
Purchase of property, plant and equipment		(31,888)	(7,421)
Purchase of investments		(305,590)	(11,480)
Purchase of intangible assets		(18,859)	(26,943)
Net cash flows used in investing activities		(356,903)	(45,844)
Cash flows from financing activities			
Repayment of borrowings		(25,710)	(17,885)
Repayment of lease liabilities		(9,307)	(41,353)
Dividends paid		(58,547)	(63,870)
Net cash flows used in financing activities		(93,564)	(123,108)
Net increase/(decrease) in cash held		(138,102)	96,839
Cash and cash equivalents at beginning of financial year		387,747	290,908
Cash and cash equivalents at end of financial year	28a	249,645	387,747

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

Note 1. Corporate Information

These financial statements and notes represent those of Upper Yarra Community Enterprise Limited (the Company) as an individual entity. Upper Yarra Community Enterprise Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 6th September 2021.

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 30.

Note 2. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

Note 3. 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.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Banks branches:

- Warburton Community Bank
- Yarra Junction 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
- 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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(b) Revenue From Contracts With Customers

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

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

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

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

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:

$$\begin{array}{l} \text{Interest paid by customers on loans, less interest paid to customers on deposits} \\ \text{plus} \\ \text{Deposit returns (i.e. interest return applied by BABL on deposits)} \\ \text{minus} \\ \text{Any costs of funds (i.e. interest applied by BABL to fund a loan)} \end{array}$$

The company is entitled to a share of the margin earned by Bendigo and Adelaide 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 and Adelaide Bank entities including fees for loan applications and account transactions.

Core Banking Products

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

Ability to Change Financial Return

Under the franchise agreement, Bendigo and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(c) 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
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary Financial Contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Cash Flow Boost

During the financial year, in response to the COVID-19 outbreak, Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020 (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts when the cash flow of the company improves.

(d) Employee Benefits

Short-term Employee Benefits

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

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

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 estimate future cash outflows.

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

(e) Tax

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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(e) Tax (continued)

Deferred Tax

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

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

Goods & 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.
- when receivables and payables are stated with the amount of GST included.

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 & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

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

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lives, and is recognised in profit or loss.

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

Asset Class	Method	Useful Life
Buildings	Straight line	40 years
Leasehold improvements	Diminishing value	15 years
Fixture & Fittings	Diminishing value	1 - 20 years
Motor vehicles	Diminishing value	5 years
Plant & equipment	Diminishing value	1 - 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 include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(h) Intangible Assets (continued)

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present. The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	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, leases.

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification & Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial Assets (continued)

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

Classification & Subsequent Measurement (continued)

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial Assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial Liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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 Instruments

The company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECLs 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.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of ECL in Financial Statements

At each reporting date, the entity recognises the movement in the loss allowance 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 and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide Bank the company has reviewed credit ratings provided by Standard & Poor's, 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 and Adelaide Bank and found no instances of default. As a result no impairment loss allowance 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 amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(k) Issued Capital

Ordinary Shares

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

As Lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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 interest rate implicit in the lease or, if that rate cannot be readily determined, 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 the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonably certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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.

Short-term Leases & 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.

As Lessor

The company has not been a party in an arrangement where it is a lessor.

(m) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 January 2020 that are expected to have a significant impact on the company's financial statements.

(n) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the financial statements (continued)

Note 4. Significant Accounting Judgements, Estimates & Assumptions

During preparation of the 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 outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

(a) Judgements

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

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 23 - Leases:	
(a) Control	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	Whether the company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	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: <ul style="list-style-type: none">· the amount· the lease term· economic environment· any other relevant factors

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2020 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 20 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 17 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 24 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases though promotion and inflation

Note 5. Financial Risk Management

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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 utilise any 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 has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

(b) Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

Notes to the financial statements (continued)

Note 5. Financial Risk Management (continued)

(b) Liquidity Risk (continued)

30 June 2021	Contractual Cash Flows			
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	587,230	45,000	198,735	611,870

(c) Market Risk

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

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

Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

Cash Flow & Fair Values Interest Rate Risk

Interest-bearing assets are held with Bendigo and Adelaide 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 \$ 249,645 at 30 June 2021 (2020: \$387,747). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 6. 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 7. Revenue From Contracts With Customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2021 \$	2020 \$
Revenue		
- Revenue from contracts with customers	1,483,598	1,561,128
- Feed in tariff & LGC income	96,352	82,614
	1,579,950	1,643,742
<i>Disaggregation of Revenue From Contracts With Customers</i>		
- Margin income	1,270,249	1,344,585
- Fee income	125,225	141,647
- Commission income	88,124	74,896
	1,483,598	1,561,128

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Notes to the financial statements (continued)

Note 8. Other Revenue

The company generates other sources of revenue as outlined below.

	2021 \$	2020 \$
Other Revenue		
- Market development fund income	45,000	52,500
- Dividend received	5,133	11,354
- Cash flow boost	37,500	62,500
- Other revenue		2,985
	87,633	129,339
Fair value recognition		
- Fair value of Renewable Energy Certificates	-	19,263
	-	19,263

Note 9. Finance Income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2021 \$	2020 \$
Finance Income		
- Interest from term deposits	877	420
	877	420

Note 10. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2021 \$	2020 \$
<i>Employee Benefits Expense</i>		
- Wages & salaries	810,792	820,947
- Superannuation costs	75,837	74,626
- Other expenses related to employees	61,976	43,176
	948,605	938,749

(b) Depreciation & Amortisation Expense

<i>Depreciation of Non-current Assets</i>		
- buildings	22,382	31,572
- leasehold improvements	4,254	4,628
- plant and equipment	47,948	27,924
- furniture and fittings	4,407	5,464
- start-up expenses	44,119	44,120
	123,110	113,708
<i>Depreciation of Right-of-use Assets</i>		
- leased buildings	22,979	41,635
	22,979	41,635

Notes to the financial statements (continued)

Note 10. Expenses (continued)

(b) Depreciation & Amortisation Expense (continued)

	2021 \$	2020 \$
<i>Amortisation of Intangible Assets</i>		
- franchise fees	26,943	15,488
	26,943	15,488
Total depreciation & amortisation expense	173,032	170,831

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Finance Costs

	2021 \$	2020 \$
<i>Finance Costs</i>		
- Interest paid	11,996	17,716
- Interest - lease	17,225	-
	29,221	17,716

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

(d) Community Investments & Sponsorship

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 \$
<i>Community Investments & Sponsorship</i>			
- Direct sponsorship and grant payments		78,222	103,818
- Contribution to the Community Enterprise Foundation™	10(e)	-	69,474
		78,222	173,292

The funds contributed are held by the Community Enterprise Foundation (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.

(e) 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 community investments and sponsorship expenditure included in profit or loss.

	Note	2021 \$	2020 \$
<i>Disaggregation of CEF Funds</i>			
Opening balance		100,776	49,849
Contributions paid	10(d)	-	70,069
Grants paid out		(2,500)	(16,260)
Interest received		633	591
Management fees incurred		-	(3,473)
Balance available for distribution		98,909	100,776

Notes to the financial statements (continued)

Note 11. 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) The Components of Tax Expense

	2021 \$	2020 \$
Current tax expense	49,251	15,179
Deferred tax expense	(18,556)	(14,085)
Franking Credits	(2,199)	(4,866)
Under / (over) provision of prior years	(8,973)	(1,059)
Prior year intercompany tax adjustment	351	333
	19,874	(4,498)

(b) Prima Facie Tax Payable

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit before income tax at 26% (2020: 27.5%)	41,070	16,943
<i>Add Tax Effect Of:</i>		
- Imputation credits	(1,628)	(3,527)
- Under / (over) provision of prior years	(8,973)	(1,059)
- Non assessable cash flow boost	(9,750)	(17,188)
- Change in company tax rates	(2,686)	-
- Temporary differences	16,684	-
- Movement in deferred tax	(15,870)	-
- Adjustment to account for tax loss	1,027	-
Income tax attributable to the entity	19,874	(4,831)
The applicable weighted average effective tax rate is:	12.58%	-7.30%

Note 12. Cash & Cash Equivalents

	2021 \$	2020 \$
Cash at bank and on hand	249,645	387,747
	249,645	387,747

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less. Any bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Note 13. Trade & Other Receivables

	2021 \$	2020 \$
Current		
Trade receivables	125,299	127,688
Other receivables	423	19,901
	125,722	147,589

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Notes to the financial statements (continued)

Note 14. Inventories

	2021 \$	2020 \$
Renewal energy certificates	17,290	19,263
	17,290	19,263

Inventories acquired at no cost or generated internally are valued at the market value. Inventories held for sale are measured at the lower of cost and net realised value.

Note 15. Financial Assets

	2021 \$	2020 \$
<i>At Amortised Cost</i>		
Term deposits	308,154	7,697
<i>At FVTPL</i>		
Listed investments	197,841	128,507
	505,995	136,204

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

Note 16. Other Assets

	2021 \$	2020 \$
Prepayments	15,972	6,056
	15,972	6,056

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Note 17. Property, Plant & Equipment

(a) Carrying Amounts

	2021 \$			2020 \$		
	At cost / valuation	Accumulated depreciation	Written down value	At cost / valuation	Accumulated depreciation	Written down value
Buildings	1,670,363	204,764	1,465,599	1,666,703	159,414	1,507,289
Leasehold improvements	188,746	116,623	72,123	166,432	112,370	54,062
Plant & equipment	596,145	189,390	406,755	596,145	164,411	431,734
Furniture & fittings	135,782	106,206	29,576	140,244	109,348	30,896
Start-up cost	220,596	174,984	45,612	220,596	130,865	89,731
	2,811,632	791,967	2,019,665	2,790,120	676,408	2,113,712

(b) Movements in Carrying Amounts

	Buildings \$	Leasehold Imp. \$	Plant & Equipment \$	Furniture & Fittings \$	Start-up Cost \$
2021					
Opening carrying value	1,507,289	54,062	431,734	30,896	89,731
Additions	3,660	22,315	-	5,913	-
Disposals	-	-	-	(2,824)	-
Depreciation expense	(45,350)	(4,254)	(24,979)	(4,409)	(44,119)
Closing carrying value	1,465,599	72,123	406,755	29,576	45,612

Notes to the financial statements (continued)

Note 17. Property, Plant & Equipment (continued)

(b) Movements in Carrying Amounts

	Buildings \$	Leasehold Imp. \$	Plant & Equipment \$	Furniture & Fittings \$	Start-up Cost \$
2020					
Opening carrying value	977,847	73,026	456,865	33,029	133,851
Additions	-	-	3,250	4,171	-
Disposals	-	-	(457)	(840)	-
Transfer	14,336	(14,336)	-	-	-
Revaluation	546,678	-	-	-	-
Depreciation expense	(31,572)	(4,628)	(27,924)	(5,464)	(44,120)
Closing carrying value	1,507,289	54,062	431,734	30,896	89,731

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2021 (2020: None).

(d) 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 18. Right-of-use Assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The company's lease portfolio includes buildings.

Options to Extend or Terminate

The option to extend or terminate are contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

AASB 16 Amounts Recognised in the Statement of Financial Position

	Leasehold Buildings \$	Total ROU Asset \$
Leased asset	596,255	596,255
Depreciation	(22,979)	(22,979)
	573,276	573,276

Movements in carrying amounts:

	Leasehold Buildings \$	Total ROU Asset \$
Recognised on initial application of AASB 16	10,409	10,409
Additions	585,846	585,846
Depreciation expense	(22,979)	(22,979)
Net carrying amount	573,276	573,276

Notes to the financial statements (continued)

Note 18. Right-of-use Assets (continued)

AASB 16 Amounts Recognised in the Statement of Financial Position (continued)

	2021 \$	2020 \$
Depreciation expense related to right-of-use assets	22,979	41,635
Interest expense on lease liabilities	17,225	1,794

Note 19. Intangible Assets

(a) Carrying Amounts

	2021 \$			2020 \$		
	At cost / valuation	Accumulated amortisation	Written down value	At cost / valuation	Accumulated amortisation	Written down value
Franchise fees	134,713	38,169	96,544	134,713	11,226	123,487
	134,713	38,169	96,544	134,713	11,226	123,487

(b) Movements in Carrying Amounts

	Franchise Fees \$
2020	
Opening carrying value	4,262
Additions	134,713
Disposals	-
Amortisation expense	(15,488)
Closing carrying value	123,487
2021	
Opening carrying value	123,487
Additions	-
Disposals	-
Amortisation expense	(26,943)
Closing carrying value	96,544

Note 20. Tax Assets & Liabilities

(a) Current Tax

	2021 \$	2020 \$
Income tax payable/(refundable)	36,435	(14,772)

(b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2021:

	30 June 2020 \$	Recognised in P&L \$	30 June 2021 \$
<i>Deferred Tax Assets</i>			
- Expense accruals	7,481	(662)	6,819
- Unused tax losses	16,427	(169)	16,258
- Employee provisions	36,483	2,485	38,968
- Right-of-use assets	78	3,411	3,489
Total deferred tax assets	60,469	5,065	65,534

Notes to the financial statements (continued)

Note 20. Tax Assets & Liabilities (continued)

(b) Deferred Tax (continued)

	30 June 2020 \$	Recognised in P&L \$	30 June 2021 \$
<i>Deferred Tax Liabilities</i>			
- Property, plant & equipment	(151,030)	15,921	(135,109)
- Accrued income	(3,439)	3,333	(106)
- Financial assets carried at FVTPL	20,026	(17,870)	2,156
- Non-assessable income	(84,900)	19,086	(65,814)
- Prepayments	(5,987)	1,994	(3,993)
Total deferred tax liabilities	(225,330)	22,464	(202,866)
Net deferred tax liabilities	(164,861)	27,529	(137,332)

Movement in the company's deferred tax balances for the year ended 30 June 2020:

	30 June 2019 \$	Recognised in P&L \$	Recognised in Equity \$	30 June 2020 \$
<i>Deferred Tax Assets</i>				
- Expense accruals	4,271	3,210	-	7,481
- Unused tax losses	17,137	(710)	-	16,427
- Employee provisions	33,981	2,502	-	36,483
- Right-of-use assets	-	78	-	78
Total deferred tax assets	55,389	5,080	-	60,469
<i>Deferred Tax Liabilities</i>				
- Property, plant & equipment	16,486	(17,180)	(150,336)	(151,030)
- Accrued income	(6)	(3,433)	-	(3,439)
- Financial assets carried at FVTPL	(1,740)	21,766	-	20,026
- Non-assessable income	(97,404)	12,504	-	(84,900)
- Prepayments	(2,395)	(3,592)	-	(5,987)
Total deferred tax liabilities	(85,059)	10,065	(150,336)	(225,330)
Net deferred tax a liabilities	(29,670)	15,145	(150,336)	(164,861)

Note 21. Trade & Other Payables

	2021 \$	2020 \$
Current		
Trade creditors	15,018	14,299
Franchise fee payable	29,637	26,942
Other creditors and accruals	64,249	63,719
	108,904	104,960
Non-Current		
Franchise fee payable	59,274	80,828
	59,274	80,828

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements (continued)

Note 22. Borrowings

	2021 \$	2020 \$
Current		
Secured Liabilities		
Bank loan	39,155	33,000
	39,155	33,000
Non-Current		
Secured Liabilities		
Bank loan	339,969	371,835
	339,969	371,835
Total borrowings	379,124	404,835

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 3%. This loan has been created to fund Hydro project and is secured by property at 3389 Warburton Highway, Warburton, VIC.

Note 23. 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 5.03%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

(a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
Yarra Junction Branch	The lease agreement is a non-cancellable lease with an initial term of fifteen years which commenced in Dec 2020. The lease has no further option available.

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.

(b) Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2021 \$	2020 \$
Current	11,064	10,691
Non-current	576,166	-

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2021 were as follows:

	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
30 June 2021					
Lease payments	45,000	46,800	151,935	611,870	855,605
Finance charges	(33,936)	(28,569)	(89,294)	(116,576)	(268,375)
Net present values	11,064	18,231	62,641	495,294	587,230

Notes to the financial statements (continued)

Note 23. Lease Liabilities (continued)

(b) Lease Liabilities (continued)

	Minimum lease payments due				Total
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	
30 June 2020					
Lease payments	43,147	-	-	-	-
Finance charges	(1,794)	-	-	-	-
Net present values	41,353	-	-	-	-

(c) Lease Payments Not Recognised as a Liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

Total cash outflows for leases for the year ended 30 June 2021 was \$26,250 (2020: \$43,147).

Note 24. Employee Benefits

	2021 \$	2020 \$
Current		
Provision for annual leave	74,065	65,710
Provision for long service leave	71,795	61,765
	145,860	127,475
Non-Current		
Provision for long service leave	10,010	5,191
	10,010	5,191

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee Attrition Rates

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

Note 25. Issued Capital

(a) Issued Capital

	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,774,160	994,452	1,774,160	994,452
Less: equity raising costs	-	(16,744)	-	(16,744)
	-	977,708	1,774,160	977,708

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(b) Movements in share capital

	2021 \$	2020 \$
<i>Fully paid ordinary shares:</i>		
At the beginning of the reporting period	1,774,160	1,774,160
Shares issued during the year	-	-
At the end of the reporting period	1,774,160	1,774,160

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Notes to the financial statements (continued)

Note 26. Retained Earnings

	Note	2021 \$	2020 \$
Balance at the beginning of the reporting period		686,348	684,109
Profit for the year after income tax		138,089	66,109
Dividends paid	32	(58,547)	(63,870)
Balance at the end of the reporting period		765,890	686,348

Note 27. Reserves

	2021 \$	2020 \$
<i>Asset Revaluation Reserve</i>		
Balance at the beginning of the reporting period	396,342	396,342
Fair value movements during the period	-	-
Balance at the end of the reporting period	396,342	396,342

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

Note 28. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	2021 \$	2020 \$
Cash and cash equivalents (Note 12)	249,645	387,747
As per the Statement of Cash Flows	249,645	387,747

(b) Reconciliation of cash flow from operations with profit after income tax

Profit for the year after income tax	138,089	66,109
<i>Non-cash flows in profit</i>		
- Fair value increase	(64,201)	79,150
- Depreciation	123,110	170,831
- Amortisation	26,942	-
- Depreciation of ROU Leased	22,979	-
- Net loss on disposal of property, plant & equipment	3,390	1,298
- Bad Debts	-	861
- Tax on revaluation	-	(150,336)
- Prior year adjustment	-	(333)
<i>Changes in assets and liabilities</i>		
- (Increase) / decrease in trade and other receivables	21,868	(26,087)
- (Increase) / decrease in prepayments and other assets	(9,916)	2,654
- (Increase) / decrease in inventories	1,973	(19,263)
- (Increase) / decrease in deferred tax asset	(27,531)	135,192
- Increase / (decrease) in trade and other payables	1,249	2,154
- Increase / (decrease) in current tax liability	51,209	(5,871)
- Increase / (decrease) in provisions	23,204	9,099
Net cash flows from operating activities	312,365	265,458

Notes to the financial statements (continued)

Note 29. 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 \$
<i>Financial Assets</i>			
Trade and other receivables	13	125,722	147,589
Cash and cash equivalents	12	249,645	387,747
Term deposits	15	308,154	7,697
		683,521	543,033
<i>Financial Liabilities</i>			
Trade and other payables	21	168,178	185,788
Borrowings	22	379,124	404,835
Lease liabilities	23	587,230	10,691
		1,134,532	601,314

Note 30. Related Parties

(a) Key Management Personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key Management Personnel Compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

	2021 \$	2020 \$
Short-term employee benefits	36,640	4,800
Post-employment benefits	3,481	456
Other long-term benefits	830	196
Total key management personnel compensation	40,951	5,452

Short-term Employee Benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment Benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other Long-term Benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

(c) Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(d) Transactions With Key Management Personnel & Related Parties

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
Rodney McKail	Salary & Superannuation	40,121

Notes to the financial statements (continued)

Note 30. Related Parties (continued)

(e) Key Management Personnel Shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(f) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

Note 31. Auditor's Remuneration

The appointed auditor of Upper Yarra Community Enterprise Limited for the year ended 30 June 2021 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2021 \$	2020 \$
<i>Audit & Review Services</i>		
Audit and review of financial statements (RSD Audit)	5,500	5,450
Total auditor's remuneration	5,500	5,450

Note 32. Dividends

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.

	2021		2020	
	Number	\$	Number	\$
Fully franked dividend	1,774,160	58,547	1,774,160	63,870
Dividends provided for and paid during the year	1,774,160	58,547	1,774,160	63,870

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

	2021 \$	2020 \$
Franking credit balance		
Balance at the beginning of the reporting period	328,140	326,151
Movements during the period	(23,812)	1,989
Balance at the end of the reporting period	304,328	328,140

Note 33. 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	138,089	462,451
	Number	Number
Weighted average number of ordinary shares	1,774,160	1,774,160
	¢	¢
Basic and diluted earnings per share	7.78	26.07

Note 34. Events After the Reporting Period

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

Notes to the financial statements (continued)

Note 35. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 23. Details about any capital commitments are detailed in Note 17(c).

The company has made a commitment of \$300,000 grant to the Warburton Mountain Bike Destination Project. The grant is payable in next 12 to 24-month period.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

Note 36. Company Details

The registered office of the company is:

Upper Yarra Community Enterprise Limited 3389 Warburton Highway, Warburton, VIC, 3799.

The principal places of business are:

Warburton Community Bank Branch 3389 Warburton Highway, Warburton, VIC, 3799.

Yarra Junction Community Bank Branch 1/2452 Warburton Hwy, Yarra Junction VIC 3797

Note 37. Fair Value Measurements

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

Note 37. Fair Value Measurements (continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings
- listed investments

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13: Fair value measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level	Measurement Details
Level 1	Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Notes to the financial statements (continued)

Note 37. Fair Value Measurements (continued)

(a) Fair Value Hierarchy (continued)

30 June 2021				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring Fair Value Measurements				
<i>Non-financial Assets</i>				
Freehold land and Building	-	1,465,599	-	1,465,599
	-	1,465,599	-	1,465,599
<i>Financial Assets</i>				
Listed investments	197,841	-	-	197,841
	197,841	-	-	197,841

30 June 2020				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring Fair Value Measurements				
<i>Non-financial Assets</i>				
Freehold land and Building	-	1,507,289	-	1,507,289
	-	1,507,289	-	1,507,289
<i>Financial Assets</i>				
Listed investments	128,507	-	-	128,507
	128,507	-	-	128,507

There were no transfers between levels for assets measured at fair value on a recurring basis during the reporting period (2020: no transfers).

(b) Valuation Techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

Approach	Valuation Details
Market Approach	Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
Income Approach	Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value
Cost Approach	Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Valuation Techniques & Inputs - Level 2 Fair Values

Asset	Fair Value at 30 June 2021 \$	Valuation Techniques	Inputs Used
Freehold land and Building	1,465,599	Market approach	Market Rent, Capital Adjustments

Notes to the financial statements (continued)

Note 37. Fair Value Measurements (continued)

(b) Valuation Techniques (continued)

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

(c) Reconciliation of Recurring Level 2 Fair Value Measurements

Level 2	Freehold Land & Building \$
Balance at the beginning of the year	1,507,289
Additions during the year	3,660
Gains/(losses) recognised in profit or loss during the year	(45,350)
Settlements during the year	-
Balance at the end of the year	1,465,599


Directors' declaration

In accordance with a resolution of the directors of Upper Yarra Community Enterprise 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.



Rodney McKail
Chair/Director,
Upper Yarra Community Enterprise Ltd

Dated this 6th day of September, 2021

Independent audit report



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UPPER YARRA COMMUNITY ENTERPRISE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

In our opinion the accompanying financial report of Upper Yarra Community Enterprise 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 performance for the year then ended; 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. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Director's Responsibility for the Financial Report

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

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

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation



Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit

Chartered Accountants

A handwritten signature in dark ink, appearing to read 'Katie' or similar, with a stylized flourish at the end.

Kathie Teasdale

Partner

Bendigo

Dated: 6 September 2021

Community Bank • Warburton

3399 Warburton Highway, Warburton VIC 3799

Phone: 03 5966 2122 Fax: 03 5966 2144

Email: warburtonmailbox@bendigoadelaide.com.au

Web: www.bendigobank.com.au/warburton

Community Bank • Yarra Junction & District

Shop 1/2452 Warburton Highway, Yarra Junction VIC 3797

Phone: 03 5967 1919 Fax: 03 5967 2662

Email: yarra-junctionmailbox@bendigoadelaide.com.au

Web: www.bendigobank.com.au/yarra-junction



/communitybankwarburtonyarrajunction

Franchisee:

Upper Yarra Community Enterprise Limited

ABN 54 090 252 627

3399 Warburton Highway, Warburton VIC 3799

Postal - PO Box 434, Warburton VIC 3799

Phone: 03 5966 9028

Email: admin@upperyarra.net.au

Web: www.upperyarra.net.au

(BNPAR21002) (09/21)