Annual Report 2020

Wantirna Community Financial Services Limited

Community Bank
Wantirna

ABN 43 118 000 230

Wantirna Community Financial Services Limited
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Wantirna Community Financial Services Limited
Chairman's Report

On behalf of the Board, I have great pleasure in providing this report covering the financial year ended 30 June 2020.

Financial performance

The past year was marked by business as usual and COVID-19. The business continued to grow in a highly competitive market. Bendigo Bank continued to be innovative in its approach to lending, with competitive packages to support customers in their financial endeavors. Banks continue to act upon the recommendations from the Banking Royal Commission.

Operating profit before tax for Wantirna Community Financial Services Limited for the 2019-20 year is $76,248 compared to $56,085 in 2018-19 and $32,055 in 2017-18. The total business increased from $92.9 million to $97.5 million in a year that included so many challenges.

COVID-19 impacted the business for the last three months of the financial year. The uncertainty in the economy saw a reduction in the number of home purchases, an increase in the number of customers moving to online banking and less face to face opportunity to communicate with existing and new customers about the excellent banking products and services offered by Bendigo Bank.

The Australian Prudential Regulatory Authority (APRA) is recommending that companies build a COVID-19 safety net into their operations for future years by reducing dividend payments. Your Directors have heeded this advice and have recommended a dividend of 1.5 cents per share unfranked be paid for the 2019-20 financial year. Naturally this will be reviewed in future years as the full impact of COVID-19 on the business is revealed.

The Board is currently reviewing all processes within its operations and has identified the issue of Director re-imbursements for minor expenses including phone, administration and travel as a very time consuming and complicated process. A motion to eliminate processing these minor transactions forms part of the business of the Annual General Meeting. The Board seeks shareholder support for the motion.

Community Involvement

We again supported a number of local community events which are funded from both our company's profits and money supplied by Bendigo Bank through its market development contribution of $35,000.

A number of collaborative marketing initiatives undertaken by the Community Bank branches within the Northern region saw us support some TV, radio, cinema and billboard advertising to drive awareness of the Bendigo Bank brand in both the local and wider community.

Our Staff

I am very proud of the staff we have to service the needs of customers. They are dedicated and always willing to go that little extra to meet individual requirements. They work well as a team under the direction of Branch Manager, John Tiganis, and maintain a very high level of compliance in a world where banking regulations and requirements are evolving.

Face to face transactions continued to decrease during the year, but in order to maintain our high level of customer service, staff numbers remain the same and we explore new opportunities for them to contribute to the profitability of the company.

Executive officer, Chelsea Fletcher, continues to provide excellent support to the board, staff and the company in general.

Board

At Board level Vivian Gonsalves, Kris Srikanthan and Daniel Thambirathnam resigned during the year as did Jim O'Callaghan who was a member of the Finance and Audit Committee. I would like to thank each of them for their contribution to the company and the broader Wantirna community.

We welcomed new directors, Shannon Leake, Edmund Wong and Meena Wahi to the Board during the year. The backgrounds of these people have added significant diversity of ideas to the board. We continue to seek additional board members to ensure the skills matrix of the board is in a position to drive growth in your company.

Remembering that all board members are volunteers, your company is lucky to be served by so many people willing to give up their time to make Wantirna a better community and drive growth in shareholder wealth.

We would like to thank the Bendigo Bank Regional team spearheaded by Chris Cahir, who have again provided exceptional support and assistance during the year both to the banking team and to the Board.

Our point of difference is that the majority of our profits are contributed back into the Wantirna community in many different ways. A small percentage is returned to shareholders where possible through dividends in recognition of the many people who pledged support to establish a Community Bank in Wantirna.

In order to continue and enhance our contributions to the Wantirna community, we ask you to be advocates for Community Bank Wantirna. You can do this by transferring some or all of your banking business to the branch if you haven't already done so, be an advocate of the local branch and refer your contacts to the branch when the opportunity arises. In this way we will deliver the best outcome for the Community Bank Wantirna, the shareholders and the community at large. Bendigo proudly announces itself as the Better Big Bank.

Jeff Somers
Chairman

Wantirna Community Financial Services Limited
Manager's report

For year ended 30 June 2020

At Community Bank Wantirna we make it our purpose to know our customers who entrust us with their banking.

For so many of us, these last six months have been a challenge, here in Australia - and across the world. Our priority has been to support our people, our customers and our communities impacted by the extreme events of 2020: COVID-19.

This has also made it a tough year to perform with the external demands on the industry in an environment of low-growth, political uncertainty, subdued consumer confidence, low interest rates and increasing competition.

We continue to take the necessary steps to accelerate our strategy and to reshape our business for the future, so we can continue to provide the best outcomes for our customers and to meet the expectations of all our stakeholders.

Overall, we did a great job of managing our net interest margin despite the multiple cash rate reductions. Each cash rate drop has an impact, so to achieve growth in our core line items is a very good outcome.

Of course, the key to achieving so much of this is on the back of providing outstanding customer and partner experiences to support our customers, particularly in these challenging times.

I would like to acknowledge everyone who has contributed to our growth this year. I want to congratulate our staff for their commitment to our customers and the organisation. I thank and congratulate the Bendigo Bank regional team for their leadership, support and high-quality efforts over the past financial year. I would also like to thank our departed Chairman Vivian Gonsalves and incoming Chairman Jeff Somers for their guidance, leadership, support, and immense effort they each invest into our community company and Community Bank Wantirna. I thank all our Directors past and present over the last 12 months for their professional guidance and sustained support throughout the year.

My message as always is to get involved, support Community Bank Wantirna by choosing to bank with us, be a positive influence and always seize opportunities to advocate our point of difference to family friends and associates.

Finally, I am here to reassure all our shareholders, that we are committed to and will continue to build on what we have established since we first opened our doors; to showcase Community Bank Wantirna at every event we sponsor and attend and in doing so, build our balance sheet for future prosperity.

John Tiganis
Branch Manager

Wantirna Community Financial Services Limited
Directors' Report

The directors present the financial statements of the company for the financial year ended 30 June 2020

Directors

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

Jeffrey James Somers
Interim Chair
Project Manager
Jeff has lived in Rowville for the past 22 years. He is married to Veronica and has two adult children. Community has been an important part of Jeff's life having served on the Rowville Secondary College School Council and The Waverley Golf Club Board, The Rotary Club of Rowville-Lysterfield Board including President as well as the Rotary Police Mentoring Project and the Board of Knox Community Financial Services Limited. Currently Jeff is actively involved with the Rotary Club of Rowville-Lysterfield as their Director of Youth activities and is the rotating President of Churchill-Waverley Golf and Bowls Club. In 2017 Jeff received both an Aston Community Award and a Victoria Day Award for his contribution to the community. Jeff holds qualifications including B.A., B.Ed., M.Ed. Studs., Dip Bus., Dip Rel. Ed., and T.P.T.C. and is a life member of the Australian College of Educators. He has worked as a Teacher, School Principal, GM of a family business, Project Manager and Instructional Designer and currently conducts training programs for The Smith Family as well as curriculum design for the VET education sector. Community Bank branches are an important part of Jeff's life, holding shares in six different Community Bank branches including Wantirna Community Financial Services Limited.
Chair of HR Committee
Interest in shares: 10,500

Edmund Chee Ming Wong
Director & Treasurer (Appointed 29 April 2020)
Management Consultant
Edmund is an experienced board director across nine boards in various roles from chairman, treasurer and company director. Senior executive roles include Managing Director & Vice President across technology multinationals including IBM, Hewlett-Packard and Thomson Reuters over the past thirty years. Edmund has a Bachelor of Science with a double major in Computer Science & Accounting from Monash University, formal postgraduate qualifications in Governance, Risk and Compliance (GRC) from the International Compliance Association (ICA) in the UK, trained at the AICD and INSEAD, Singapore.
Member of Finance & Audit Committee
Interest in shares: Nil

Phillipa Jane Maloney-Walsh
Director & Secretary
Hypnotherapist and Transformational Coach
Phillipa has been an active member of many community groups since her teens. After having her own workplace accident, she founded and is the chair of a registered Australian charity, the Orange Sock Foundation Inc., who supported those injured at work or in transport accidents. Phillipa is a life member of the Phoenix Theatre Company Inc and has served as President, Secretary and Treasurer of numerous community groups over the past 35 years, from kindergartens to CFA Auxiliaries. She was a secondary school teacher and has a Masters in Education, (Workplace Education) and worked in adult education for over 20 years. Phillipa has owned and ran Registered Training Organisations and worked as the National Training Manager for a large franchise group. Her last employer was WorkSafe Victoria where she was a senior Auditor of OHS training. She also has a Diploma of Business (Quality Auditing) and other vocational qualifications. Because of her own injury, Phillipa had to rethink her life and now works as a Transformational Coach, Hypnotherapist, Mindfulness and NLP practitioner and uses her own experiences to assist clients to be the best version of themselves they can be, to achieve long term and short-term goals. She is passionate about the Wantirna community and is a shareholder of the company.
Member of HR Committee
Interest in shares: 2,000

Directors *(continued)*

Wendy Moo Yin Van Horssen
Director
Hotel/Resort Manager
Wendy lives in Wantirna. She has a great interest in the local Wantirna community lifestyle and business networking. She enjoys sharing her experiences as a recipient of a Malaysian State Star Award from the Head of State in 2013 for her outstanding community service with the Hotel Association, Lions International, a member of the Rotarian Group Study Exchange in 2000 and a Toastmaster International Competent Leader 2014 and Public Speaker 2013. Wendy is currently self-employed providing training and business services. She has been in the Tourism industry since 1979 and brings with her a wealth of International Hospitality Management experience having worked in Australia, Hawaii, South Korea, Malaysia, Indo China and Europe. Wendy holds a Masters in Business Administration Australia, Diploma in Hotel and Catering Management, USA and is currently a PhD candidate in Entrepreneurship: Leadership Impact on Business Performance, Malaysia. Wendy is widely connected in voluntary community associations, including: Vice President- Wantirna Liberal party Australia, Victorian Division Ambassador- Multicultural Business Group Wantirna and Mental Health Foundation Australia Member- Knox Ranger Women Liberal party Australia, Victorian Division Hon Secretary- Australia Asia Culture & Arts Centre – AACAC.
Member of Community Engagement Committee and Finance & Audit Committee
Interest in shares: Nil

Meenakshi Wahi
Director (Appointed 29 April 2020)
Insurance Broker
Meena Wahi is a recognised digital risk insurance expert, thought leader and entrepreneur. Meena regularly speaks at conferences on how digital infrastructure poses risks of privacy and fraud and helps her clients with strategies to mitigate risk through insurance. With her financial literacy community venture, Meena is part of a National Alliance promoted by Minister of Women for economic security of women. Meena holds an MBA from Monash University and is currently completing her Company Director course from the Australian Institute of Company Directors.
Member of HR Committee
Interest in shares: Nil

Shannon Mariani Leake
Director (Appointed 29 April 2020)
Executive Director
Shannon is a Director at The Principals Funds Management, an ASIC licenced financial services company that raises capital for Fund Managers from the wholesale institutional investment industry. In this position, she works with the Board on matters of strategy and governance and operationally, with a focus on compliance and distribution. Shannon holds a Masters of Human Resource Management from Monash University, a Bachelor of Laws and Bachelor of Communications degrees (scholarship) attained from Bond University, a Graduate Certificate in Applied Finance through Kaplan, is an Fellow of the Governance Institute of Australia and a Graduate of the Institute of Company Directors (GAICD). Shannon spent her early career in residential loans with Westpac Bank/EDS, has four children and in her spare time teaches mindfulness techniques to children and youths.
Member of Community Engagement Committee
Interest in shares: Nil

Vivian Peter Gonsalves
Chairman (Resigned 24 June 2020)
Supply Chain Professional
A supply chain professional, Vivian was born in Madras, India where he spent his educational and early employment years. After obtaining his BA Economics degree from Loyola College, Madras, his keen interest in economic and international trade issues resulted in him working for export-oriented units within the leather, pharmaceutical and readymade apparel industries. Migrating to Australia in 1991, he settled in Sydney and was employed at specialty chemical trading firm Bronson & Jacobs (now an Orica division) and Quality Ingredients, a niche food flavouring manufacturer. Since moving to Wantirna in 2004 for family reasons, Vivian has expanded his managerial experience at the Australian Red Cross Blood Service and Tata Global Beverages / Tetley Australia where he held the Supply Chain Manager roles. Vivian is deeply interested in local issues and was an active member of the St Luke Catholic Church, being a member of the fundraising and stewardship committees.
Chair Community Engagement Committee and Member of Finance & Audit Committee
Interest in shares: Nil

Directors *(continued)*

Daniel Jayaseelan Thambiratnam
Director & Treasurer (Resigned 30 April 2020)
Finance and Taxation Accountant
Daniel holds a Bachelor of Science degree from Sri Lanka. He is a qualified Chartered Accountant (Ceylon), a Certified Practising Accountant (Australia), a fellow Member of Chartered Institute of Management Accountants (United Kingdom) and a Chartered Global Management Accountant (United Kingdom). He worked as an Audit Supervisor with Coopers and Lybrand International Lusaka Branch Zambia, following as a Finance Manager with Philips Electrical Zambia. He moved to Australia in 1987 and continued his career with Philips Electronics Australia Ltd in the Mobile communications Division. Daniel is currently working for a family owned company in the Textile Industry. He is actively involved with the Uniting Church Scoresby Parish and Honorary Auditor for the Parish Accounts for the last fifteen years. He is an Examination Marker for the CPA examination in Corporate Governance and Accounting for twelve years.
Member of Finance & Audit Committee and Community Engagement Committee
Interest in shares: Nil

Krishnapillai Srikanthan
Director (Resigned 31 March 2020)
Retired CEO
Kris has been living in Wantirna South for nearly 30 years. He is a Certified Practising Accountant (Australia) and an Associate Member of the Chartered Institute of Management Accountants in the UK. Kris began his accountancy studies in London and started his career there with BOC International. After spending a total 8 years in London, he and his wife moved to Africa for two years, working for the same group of companies in Zambia. Kris Migrated to Australia in 1984 and has made Melbourne his home. Kris currently is the CEO at Confoil and has worked for the company for almost 30 years. He has held many Board positions including Packaging Council of Australia. This is his first role from a community perspective and he looks forward to serving the Wantirna Community Bank branch.
Member of HR Committee
Interest in shares: Nil

Lenette Fay Griffin
Director & Secretary (Resigned 31 January 2020)
Retired
Lenette and her family have lived in Knox for thirty years. She is an experienced residential property investor and now teaches and mentors other people to set up and grow a property portfolio for their own financial independence. She retired two years ago after almost twenty years at Monash University where she was responsible for financial management and government regulatory compliance and reporting. She is an accomplished public speaker and has spent considerable time teaching during her Monash years. She has been an active participant in several local organisations including Knox Ratepayers Association, social, political and women’s groups, and is looking forward to further utilizing her expertise and experience in community engagement. Community and the public has always held a special place for her and she believes her position with Wantirna Community Bank branch enabled her to continue giving back to the local community.
Member of Community Engagement Committee
Interest in shares: Nil

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

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended					
			Community Engagement Committee		Finance and Audit Committee		Human Resources Committee	
	E	*A*	*E*	*A*	*E*	*A*	*E*	*A*
Vivian Peter Gonsalves	11	9	6	5	11	8	-	-
Daniel Jayaseelan Thambiratnam	10	9	-	-	11	11	-	-
Lenette Fay Griffin	6	4	6	2	-	-	-	-
Phillipa Jane Maloney-Walsh	11	9	-	-	-	-	6	6
Krishnapillai Srikanthan	8	6	-	-	-	-	5	4
Wendy Moo Yin Van Horssen	11	10	6	4	8	7	-	-
Jeffrey James Somers	11	10	-	-	-	-	6	6
Meenakshi Wahi	3	2	-	-	-	-	1	1
Shannon Mariani Leake	3	3	1	1	-	-	-	-
Edmund Chee Ming Wong	3	3	-	-	2	2	-	-

E - eligible to attend
A - number attended

Company Secretary

The company secretary is Phillipa Jane Maloney-Walsh. Phillipa was appointed to position of secretary on 7 January 2020.

Refer above for Phillipa's experience.

Principal activity

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

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

Operating results

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

Year ended 30 June 2020 $	**Year ended 30 June 2019 $**
58,557	39,206

Dividends

Final unfranked dividend provided for and paid in the financial year

Year ended 30 June 2020	
Cents per share	**$**
0.03	27,645

New Accounting Standards implemented

The company has implemented a new accounting standard which has come into effect and is included in the results. AASB 16: *Leases* (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases.* See note 4 for further details.

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 relief support and 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 significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

Since the end of the financial year, the board of directors has proposed to pay an unfranked dividend of 1.5 cents per share, to be paid on 23 November 2020. The financial impact of the dividend, amounting to $13,823, has not been recognised in the financial statements for the financial year ended 30 June 2020, and will be recognised in the subsequent financial statements.

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company the results of those operations or the state of affairs of the company, in future years.

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnification and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 26 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

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

Jeffrey James Somers, Director

11th September 2020

Partners in success
Chartered Accountants
61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Wantirna Community Financial Services Limited

As lead auditor for the audit of Wantirna Community Financial Services Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 11 September 2020

Joshua Griffin
Lead Auditor

Wantirna Community Financial Services Limited
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 $	2019 $
Revenue from contracts with customers	8	561,017	580,580
Other revenue	9	52,965	35,000
Finance income	10	4,485	6,157
Employee benefit expenses	11e)	(341,351)	(366,457)
Charitable donations, sponsorship, advertising and promotion	11d)	(11,657)	(20,800)
Occupancy and associated costs		(24,141)	(64,534)
Systems costs		(18,810)	(19,257)
Depreciation and amortisation expense	11a)	(64,917)	(26,997)
Finance costs	11b)	(11,146)	-
General administration expenses		(70,197)	(67,607)
Profit before income tax expense		76,248	56,085
Income tax expense	12	(17,691)	(16,879)
Profit after income tax expense		58,557	39,206
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		58,557	39,206
Earnings per share		¢	¢
- Basic and diluted earnings per share:		6.71	4.25

The accompanying notes form part of these financial statements

Wantirna Community Financial Services Limited
Statement of Financial Position
as at 30 June 2020

	Notes	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	425,589	363,453
Trade and other receivables	14a)	53,943	50,870
Total current assets		479,532	414,323
Non-current assets			
Property, plant and equipment	15a)	127,342	141,597
Right-of-use assets	16a)	209,639	-
Intangible assets	17a)	20,233	37,353
Deferred tax asset	18a)	85,464	84,716
Total non-current assets		442,678	263,666
Total assets		922,210	677,989
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	43,240	49,608
Lease liabilities	20b)	39,499	-
Employee benefits	21a)	16,578	11,747
Total current liabilities		99,317	61,355
Non-current liabilities			
Trade and other payables	19b)	2,614	18,295
Lease liabiliites	20c)	237,231	-
Employee benefits	21b)	9,957	7,546
Total non-current liabilities		249,802	25,841
Total liabilities		349,119	87,196
Net assets		573,091	590,793
EQUITY			
Issued capital	22a)	891,225	891,225
Accumulated losses	23	(318,134)	(300,432)
Total equity		573,091	590,793

The accompanying notes form part of these financial statements

Wantirna Community Financial Services Limited
Statement of Changes in Equity
for the year ended 30 June 2020

	Notes	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2018		891,225	(339,638)	551,587
Total comprehensive income for the year		-	39,206	39,206
Balance at 30 June 2019		**891,225**	**(300,432)**	**590,793**
Balance at 1 July 2019		891,225	(300,432)	590,793
Effect of AASB 16: Leases	3d)	-	(48,614)	(48,614)
Restated balance at 1 July 2019		891,225	(349,046)	542,179
Total comprehensive income for the year		-	58,557	58,557
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28	-	(27,645)	(27,645)
Balance at 30 June 2020		**891,225**	**(318,134)**	**573,091**

The accompanying notes form part of these financial statements

Statement of Cash Flows

for the year ended 30 June 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		667,305	687,331
Payments to suppliers and employees		(517,232)	(594,876)
Interest received		4,930	5,698
Lease payments (interest component)	11b)	(11,146)	-
Lease payments not included in the measurement of lease liabilities	11f)	(6,316)	-
Net cash provided by operating activities	24	**137,541**	**98,153**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(5,650)
Payments for intangible assets		(14,256)	(14,256)
Net cash used in investing activities		**(14,256)**	**(19,906)**
Cash flows from financing activities			
Lease payments (principle component)	20a)	(33,504)	-
Dividends paid	28	(27,645)	-
Net cash used in financing activities		**(61,149)**	**-**
Net cash increase in cash held		**62,136**	**78,247**
Cash and cash equivalents at the beginning of the financial year		363,453	285,206
Cash and cash equivalents at the end of the financial year	13a)	**425,589**	**363,453**

The accompanying notes form part of these financial statements

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
Shop 5 Wantirna Mall 348 Mountain Highway Wantirna VIC 3152	Shop 5 Wantirna Mall 348 Mountain Highway Wantirna VIC 3152

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 27.

Note 2 Basis of preparation and statement of compliance

Basis of preparation and statement of compliance

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

The financial statements have been prepared on an accrual and historical cost basis, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

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

These financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors.

Note 3 Changes in accounting policies, standards and interpretations

The company initially applied AASB 16 *Leases* from 1 July 2019. AASB Interpretation 23 *Uncertainty over Income Tax Treatments* is also effective from 1 July 2019 but is not expected to have a material impact on the company's financial statements. The company's existing policy for uncertain income tax treatments is consistent with the requirements in Interpretation 23.

The company has implemented a new Accounting Standard which has come into effect and is included in the results. AASB 16: Leases (AASB 16) has been applied retrospectively without restatement of comparatives by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be reported under AASB 117: Leases.

Note 3 Changes in accounting policies, standards and interpretations *(continued)*

a) Definition of a lease

Previously, the company determined at contract inception whether an arrangement was or contained a lease under Interpretation 4 *Determining whether an Arrangement contains a Lease.* The company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 20.

On transition to AASB 16, the company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July

b) As a lessee

As a lessee, the company leases many assets including property and IT equipment. The company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset to the company. Under AASB 16, the company recognises right-of-use assets and lease liabilities for most of these leases (i.e. these leases are on balance sheet).

Leases classified as operating leases under AASB 117

Previously, the company classified property and IT equipment leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the company's incremental borrowing rate as at 1 July 2019.

Right-of-use assets are measured at either:

- their carrying amount as if AASB 16 had been applied since the lease commencement date, discounted using the company's incremental borrowing rate at the date of initial application: the company applied this approach to its property lease; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments; the company applied this approach to all other leases.

The company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The company has used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. The practical expedients include that the company:

- did not recognise right-of-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. office equipment and IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term on contracts that have options to extend or terminate.

c) As a lessor

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

Note 3 Changes in accounting policies, standards and interpretations *(continued)*

d) Impact on financial statements

On transition to AASB 16, the company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

Impact on equity presented as increase (decrease)	Note	1 July 2019 $
Asset		
Right-of-use assets - land and buildings	16b)	243,181
Deferred tax asset	18a)	18,440
Liability		
Lease liabilities	20a)	(310,235)
Equity		
Accumulated losses		(48,614)

When measuring lease liabilities for leases that were classified as operating leases, the company discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3.77%.

Lease liabilities reconciliation on transition

Operating lease disclosure as at June 2019	104,393
Add: additional options now expected to be exercised	252,157
Less: present value discounting	(46,315)
Lease liability as at 1 July 2019	310,235

Note 4 Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise (see also Note 3).

a) Revenue from contracts with customers

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

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

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.

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

b) Other revenue

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

Revenue	Revenue recognition policy
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.

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

b) Other revenue *(continued)*

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.

c) Economic dependency - Bendigo Bank

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

The company operates as a franchise of Bendigo Bank, using the name “Bendigo Bank” and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

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

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

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

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

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

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

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (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 reliable estimated.

Defined superannuation contribution plans

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

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

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) Taxes

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

The company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

Current income tax

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

Deferred tax

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

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

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

e) Taxes *(continued)*

Deferred tax (continued)

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

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. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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.

The company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority on the company either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

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

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, 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.

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

g) Property, plant and equipment

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	6 to 33 years
Plant and equipment	Straight-line	2 to 33 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.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

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 with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

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

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

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

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 and 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 and 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.

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.

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

i) Financial instruments *(continued)*

Classification and subsequent measurement (continued)

Financial assets - subsequent measurement and gains and losses

- 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 and gains and 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.

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

j) Impairment

Non-derivative financial assets

The company recognises a loss allowance for ECL on:

- financial assets that are measured at FVTOCI;
- lease receivables;
- loan commitments that are not measured at FVTPL; and
- financial guarantee contracts that are not measured at FVTPL.

Loss allowance is not recognised for:

- financial assets measured at FVTPL; or
- equity instruments measured at FVTOCI.

ECL's 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, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime ECL at all times.

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

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

<u>Recognition of expected credit losses in financial statements</u>

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 directors have assessed the ECL and noted it is not material.

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.

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) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

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

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

m) Leases

The company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and Interpretation 4. The details of accounting policies under AASB 117 and Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 July 2019.

<u>As a lessee</u>

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 reasonable certain to exercise, lease payments in an option renewal period if the group is reasonably certain to exercise that option, and penalties for early termination of a lease unless the group 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.

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

m) Leases *(continued)*

Policy applicable from 1 July 2019 (continued)

Short-term leases and leases of low-value assets

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

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

As a lessor

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

Policy applicable before 1 July 2019

For contracts entered into before 1 July 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed the right to use an asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the company classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

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

n) Standards issued but not yet effective

A number of new standards are effective for annual reporting periods beginning after 1 January 2019, however the changes are not expected to have a significant impact on the company's financial statements.

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

Note	Judgement
- Note 8 - revenue recognition	whether revenue is recognised over time or at a point in time;
- Note 20 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: - the amount; - the lease term; - economic environment; and - other relevant factors.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 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	Assumptions
- Note 8 - revenue recognition	estimate of expected returns;
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 21 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;

Note 6 Financial risk management

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

- credit risk;
- liquidity risk; and
- market risk (including currency, price, cash flow and fair value interest rate).

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments.

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

a) Credit risk

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

The company 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 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 company believes that its sound relationship with Bendigo Bank mitigates this risk significantly.

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	276,730	39,499	174,639	62,592
Trade and other payables	45,854	43,240	2,614	-
	322,584	82,739	177,253	62,592

30 June 2019

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Trade and other payables	67,903	49,608	18,295	-
	67,903	49,608	18,295	-

Note 6 Financial risk management *(continued)*

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $425,589 at 30 June 2020 (2019: $363,453). The cash and cash equivalents are held with BEN, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2020 can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 8 Revenue from contracts with customers

The company generates revenue primarily from facilitating community banking services under a franchise agreement with Bendigo Bank. The company is entitled to a share of the margin earned by Bendigo Bank.

Revenue from contracts with customers	2020 $	2019 $
Revenue:		
- Revenue from contracts with customers	561,017	580,580
	561,017	580,580

Disaggregation of revenue from contracts with customers

At a point in time:		
- Margin income	486,069	491,762
- Fee income	33,669	37,103
- Commission income	41,279	51,715
	561,017	580,580

There was no revenue from contracts with customers recognised over time during the financial year.

Note 9 Other revenue

The company generates other sources of revenue from cash flow boost from the Australian Government and discretionary contributions received from the franchisor.

Other revenue	2020 $	2019 $
Revenue:		
- Market development fund income	35,000	35,000
- Cash flow boost	17,965	-
	52,965	35,000

Note 10 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.

Finance income	2020 $	2019 $
At amortised cost:		
- Term deposits	4,485	6,157
	4,485	6,157

Note 11 Expenses

a) Depreciation and amortisation expense

	2020 $	2019 $
Depreciation of non-current assets:		
- Leasehold improvements	10,027	5,524
- Plant and equipment	4,228	4,353
	14,255	9,877
Depreciation of right-of-use assets		
- Leased buildings	33,542	-
	33,542	-
Amortisation of intangible assets:		
- Franchise fee	2,244	2,244
- Franchise renewal process fee	11,196	11,196
- Goodwill	3,680	3,680
	17,120	17,120
Total depreciation and amortisation expense	64,917	26,997

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4f and 4g).

b) Finance costs

	2020 $	2019 $
Finance costs:		
- Lease interest expense	11,146	-
	11,146	-

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

c) Impairment loss on trade receivables and contract assets

The franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. Due to the reliance on Bendigo Bank the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to the

d) Charitable donations, sponsorship, advertising and promotion

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

	2020 $	2019 $
- Direct sponsorship, advertising, marketing and promotion payments	11,657	20,800
	11,657	20,800

Note 11 Expenses *(continued)*

e) Employee benefit expenses

	2020 $	2019 $
Wages and salaries	293,429	316,407
Contributions to defined contribution plans	27,207	28,830
Expenses related to long service leave	4,101	6,115
Other expenses	16,614	15,105
	341,351	366,457

f) Recognition exemption

The company has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2020 $	2019 $
Expenses relating to low-value leases	6,316	8,781
	6,316	8,781

Expenses relating to leases exempt from recognition are included in general administration expenses.

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition.

Note 12 Income tax expense

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

a) Amounts recognised in profit or loss

	2020 $	2019 $
Current tax expense		
- Current tax	20,021	18,789
- Movement in deferred tax	(20,770)	(1,910)
- Adjustment to deferred tax on AASB 16 retrospective application	18,440	-
	17,691	16,879

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2020, the company tax rate will be reduced from 27.5% to 26%.

b) *Prima facie* income tax reconciliation

	2020 $	2019 $
Operating profit before taxation	76,248	56,085
Prima facie tax on profit from ordinary activities at 27.5% (2019: 27.5%)	20,968	15,423
Tax effect of:		
- Non-deductible expenses	1,663	1,456
- Non-assessable income	(4,940)	-
	17,691	16,879

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. 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.

	2020 $	2019 $
- Cash at bank and on hand	89,860	32,655
- Term deposits	335,729	330,798
	425,589	363,453

Note 14 Trade and other receivables

a) Current assets	2020 $	2019 $
Trade receivables	39,298	35,874
Prepayments	13,379	13,285
Other receivables and accruals	1,266	1,711
	53,943	50,870

Note 15 Property, plant and equipment

a) Carrying amounts	2020 $	2019 $
Leasehold improvements		
At cost	208,661	208,661
Less: accumulated depreciation	(108,377)	(98,350)
	100,284	110,311
Plant and equipment		
At cost	109,779	109,779
Less: accumulated depreciation	(82,721)	(78,493)
	27,058	31,286
Total carrying amount at end	127,342	141,597

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

Note 15 Property, plant and equipment *(continued)*

b) Reconciliation of carrying amounts

	2020 $	2019 $
Leasehold improvements		
Carrying amount at beginning	110,311	115,835
Depreciation	(10,027)	(5,524)
Carrying amount at end	100,284	110,311
Plant and equipment		
Carrying amount at beginning	31,286	29,989
Additions	-	5,650
Depreciation	(4,228)	(4,353)
Carrying amount at end	27,058	31,286
Total carrying amount at end	127,342	141,597

Note 16 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.

a) Carrying amounts

	2020 $	2019 $
Leased buildings		
At cost	497,543	-
Less: accumulated depreciation	(287,904)	-
Total written down amount	209,639	-

b) Reconciliation of carrying amounts

	2020 $	2019 $
Leased buildings		
Carrying amount at beginning	-	-
Initial recognition on transition	497,543	-
Accumulated depreciation on adoption	(254,362)	-
Depreciation	(33,542)	-
Total written down amount	209,639	-

Note 17 Intangible assets

a) Carrying amounts

	2020 $	2019 $
Franchise fee		
At cost	32,746	32,746
Less: accumulated amortisation	(30,156)	(27,912)
	2,590	4,834
Franchise renewal process fee		
At cost	113,729	113,729
Less: accumulated amortisation	(100,686)	(89,490)
	13,043	24,239
Goodwill		
At cost	23,000	23,000
Less: accumulated amortisation	(18,400)	(14,720)
	4,600	8,280
Total written down amount	20,233	37,353

b) Reconciliation of carrying amounts

	2020 $	2019 $
Franchise fee		
Carrying amount at beginning	4,834	7,078
Amortisation	(2,244)	(2,244)
Carrying amount at end	2,590	4,834
Franchise renewal process fee		
Carrying amount at beginning	24,239	35,435
Amortisation	(11,196)	(11,196)
Carrying amount at end	13,043	24,239
Goodwill		
Carrying amount at beginning	8,280	11,960
Amortisation	(3,680)	(3,680)
Carrying amount at end	4,600	8,280
Total written down amount	20,233	37,353

There were no changes in estimates for the current reporting period.

Note 18 Tax assets and liabilities

a) Deferred tax

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

	30 June 2019	Recognised in profit or loss	Recognised in equity	30 June 2020
Deferred tax assets	$	$	$	$
- expense accruals	4,964	205	-	5,169
- employee provisions	5,306	1,991	-	7,297
- right-of-use assets	-	(38,753)	66,875	28,122
- carried-forward tax losses	74,917	(20,021)	-	54,896
Total deferred tax assets	85,187	(56,578)	66,875	95,484
Deferred tax liabilities				
- income accruals	471	(123)	-	348
- lease liability	-	94,987	(85,315)	9,672
Total deferred tax liabilities	471	94,864	(85,315)	10,020
Net deferred tax assets	84,716	(151,441)	152,189	85,464

Movement in the company's deferred tax balances for the year ended 30 June 2019:

	30 June 2018	Recognised in profit or loss	Recognised in equity	30 June 2019
Deferred tax assets	$	$	$	$
- expense accruals	2,974	1,990	-	4,964
- employee provisions	5,259	47	-	5,306
- carried-forward tax losses	93,706	(18,789)	-	74,917
Total deferred tax assets	101,939	(16,752)	-	85,187
Deferred tax liabilities				
- income accruals	344	127	-	471
Total deferred tax liabilities	344	127	-	471
Net deferred tax assets (liabilities)	101,595	(16,879)	-	84,716

b) Uncertainty over income tax treatments

As at balance date, there are no tax rulings, or interpretations of tax law, which may result in tax treatments being over-ruled by the taxation authorities.

The company believes that its accrual for income taxes is adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Note 19 Trade creditors and other payables

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

a) Current liabilities	2020 $	2019 $
Trade creditors	4,112	3,977
Other creditors and accruals	39,128	45,631
	43,240	49,608

b) Non-current liabilities		
Other creditors and accruals	2,614	18,295
	2,614	18,295

Note 20 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 3.77%.

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 where appropriate.

Lease portfolio

Prior to 30 June 2019, lease of branch premises was classified as operating lease. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The company's lease portfolio includes:

- Wantirna branch — The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in November 2011. An extension option term of 5 years was exercised in November 2016. The lease has 1 further 5 year extension option available. The company is reasonably certain to exercise the final five-year lease term.

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

Note 20 Lease liabilities *(continued)*

a) Lease liability measurement

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

Lease liabilities on transition	2020 $	2019 $
Initial recognition on AASB 16 transition	104,393	-
Additional lease liabilities recognised	252,157	-
Remeasurement adjustments	(46,316)	-
Lease payments - interest	11,146	-
Lease payments	(44,650)	-
	276,730	-

b) Current lease liabilities

Building lease liability	50,086	-
Unexpired interest	(10,587)	-
	39,499	-

c) Non-current lease liabilities

Building lease liability	261,814	-
Unexpired interest	(24,583)	-
	237,231	-

d) Maturity analysis

- Not later than 12 months	50,086	-
- Between 12 months and 5 years	197,729	-
- Greater than 5 years	64,085	-
Total undiscounted lease payments	311,900	-
Unexpired interest	(35,170)	-
Present value of lease liabilities	276,730	-

e) Impact on the current reporting period

During the financial year, the company has mandatorily adopted AASB 16 for the measurement and recognition of its leases. The primary impact on the profit or loss is that lease payments are split between interest and principal payments and the right-of-use asset depreciates. This is in contrast to the comparative reporting period where lease payments under AASB 117 were expensed as incurred. The following note presents the impact on the profit or loss for the current reporting period.

Note 20 Lease liabilities *(continued)*

e) Impact on the current reporting period *(continued)*

Comparison under current AASB 16 and former AASB 117

The net impact for the current reporting period is a decrease in profit after tax of $28.

Profit or loss - increase (decrease) in expenses	AASB 117 expense not recognised	Impact on current reporting period	AASB 16 expense now recognised
- Occupancy and associated costs	44,650	(44,650)	-
- Depreciation and amortisation expense	-	33,542	33,542
- Finance costs	-	11,146	11,146
Increase in expenses - before tax	44,650	38	44,688
- Income tax expense / (credit) - current	(12,279)	12,279	-
- Income tax expense / (credit) - deferred	-	(12,289)	(12,289)
Increase in expenses - after tax	32,371	28	32,399

Note 21 Employee benefits

a) Current liabilities

	2020 $	2019 $
Provision for annual leave	16,578	11,747
	16,578	11,747

b) Non-current liabilities

Provision for long service leave	9,957	7,546
	9,957	7,546

c) Key judgement and assumptions

Employee attrition rates

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

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

Note 22 Issued capital

a) Issued capital

	2020 Number	2020 $	2019 Number	2019 $
Ordinary shares - fully paid	921,509	921,509	921,509	921,509
Less: equity raising costs	-	(30,284)	-	(30,284)
	921,509	891,225	921,509	891,225

Note 22 Issued capital *(continued)*

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 294. As at the date of this report, the company had 300 shareholders (2019: 304 shareholders).

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

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

Note 22 Issued capital *(continued)*

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

Prohibited shareholding interest (continued)

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

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

Note 23 Retained earnings / (accumulated losses)

	2020 $	2019 $
Balance at beginning of reporting period	(300,432)	(339,638)
Adjustment for transition to AASB 16	(48,614)	-
Net profit after tax from ordinary activities	58,557	39,206
Dividends provided for or paid	(27,645)	-
Balance at end of reporting period	(318,134)	(300,432)

Note 24 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Net profit after tax from ordinary activities	58,557	39,206
Adjustments for:		
- Depreciation	47,797	9,877
- Amortisation	17,120	17,120
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(3,073)	9,501
- (Increase)/decrease in other assets	17,692	16,879
- Increase/(decrease) in trade and other payables	(7,794)	5,402
- Increase/(decrease) in provisions	7,242	168
Net cash flows provided by operating activities	137,541	98,153

Note 25 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	2020 $	2019 $
Financial assets			
Trade and other receivables	14	40,564	37,585
Cash and cash equivalents	13	89,860	32,655
Term deposits	13	335,729	330,798
		466,153	401,038
Financial liabilities			
Trade and other payables	19	45,854	67,903
Lease liabilities	20	276,730	-
		322,584	67,903

Note 26 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.	2020 $	2019 $
Audit and review services		
- Audit and review of financial statements	4,800	4,600
	4,800	4,600
Non audit services		
- General advisory services	900	-
- Share registry services	4,665	1,885
- Other non audit services	86	56
	5,651	1,941
Total auditor's remuneration	10,451	6,541

Note 27 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Vivian Peter Gonsalves
Daniel Jayaseelan Thambiratnam
Lenette Fay Griffin
Phillipa Jane Maloney-Walsh
Krishnapillai Srikanthan
Wendy Moo Yin Van Horssen
Jeffrey James Somers
Meenakshi Wahi
Shannon Mariani Leake
Edmund Chee Ming Wong

Note 27 Related parties *(continued)*

b) Key management personnel compensation

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

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

c) Related party transactions

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

Community bank Directors' Privileges Package

The board has adopted the Community bank Directors’ Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the Community bank. There is no requirement to own Bendigo Bank shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo Bank shareholders. The total benefits received by the directors from the Directors’ Privilege Package are $nil for the year ended 30 June 2020 (2019: $168).

Note 28 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2020		30 June 2019	
	Cents	$	Cents	$
Unfranked dividend	3.00	27,645	-	-
Total dividends provided for and paid during the financial year	3.00	27,645	-	-

b) Dividends proposed not recognised at balance date

	30 June 2020		30 June 2019	
	Cents	$	Cents	$
Unfranked dividend	1.50	13,823	-	-
Total dividends declared subsequent to financial year end	1.50	13,823	-	-

The tax rate at which future dividends will be franked is 26% (2021: 25%).

Note 29 Earnings per share

a) Basic and diluted earnings per share

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

	2020	2019
	$	$
Profit attributable to ordinary shareholders	58,557	39,206
	Number	Number
Weighted-average number of ordinary shares	921,509	921,509
	Cents	Cents
Basic and diluted earnings per share	6.35	4.25

Note 30 Commitments

a) Lease commitments

Following the adoption of AASB 16 as of 1 July 2019, all lease commitment information and amounts for the financial year ending 30 June 2020 can be found in 'Lease liabilities' (Note 20).

	2020	2019
Operating lease commitments - lessee		
Non-cancellable operating leases contracted for but not capitalised in the financial statements	$	$
Payable - minimum lease payments:		
- not later than 12 months	-	44,448
- between 12 months and 5 years	-	59,946
Minimum lease payments payable	-	104,394

b) Other commitments

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

Note 31 Contingencies

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

Note 32 Subsequent events

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

Wantirna Community Financial Services Limited
Directors' Declaration

In accordance with a resolution of the directors of Wantirna Community Financial Services 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 2020 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.

Jeffrey James Somers, Director

11 September 2020

Partners in success

Chartered Accountants

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Independent auditor's report to the members of Wantirna Community Financial Services Limited

Report on the audit of the financial report

Our opinion
In our opinion, the accompanying financial report of Wantirna Community Financial Services 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 2020 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

What we have audited
Wantirna Community Financial Services Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of financial position
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

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

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. 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 *APE*S 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/home.aspx. This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 11 September 2020

Joshua Griffin
Lead Auditor

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Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_1498048 10/09/2020