

Annual Report 2021

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 2021

Financial performance

The past year has been one of the most challenging in the company's history. The combination of Covid-19 and the lowest interest rates in the lifetime of most shareholders presented a significant hurdle for the branch team. I am pleased to report Wantirna Community Financial Services Limited has come through this very difficult year in a sound financial position coupled with an ability to again pay a small dividend to shareholders. The efforts of the branch team have been well supported by Bendigo Bank who continued to be innovative in its approach to lending. Total customers, as well as footings, grew for Community Bank Wantirna.

At \$54,921, the profit before tax for the 2020-21 year is down compared to \$76,248 in 2019-20 and \$56,085 in 2018-19. Given the economic climate this is a very satisfactory outcome. The total business increased from \$97.5 million to \$110.5 million despite the many challenges faced.

The impact of Covid-19 saw a further increase in customers moving to online banking. In branch transactions have steadily fallen for Community Bank Wantirna over the past few years. Community Bank Wantirna remains committed to providing face to face services with a branch team who will spend time with customers and provide appropriate banking solutions. The balance between meeting customer expectations and appropriate opening hours continues to be monitored by the Board. A change in the Bendigo corporate marketing image provided an opportunity to plan for a minor refurbishment of the branch in the early part of 2021-22.

Despite a reduction in profit that is a direct result of lower interest rates the Board has declared a dividend of 1 cent per share.

The Board constantly reviews all processes within its operations and finalised a Covid response plan during the year that was incorporated onto the company risk register. A strategic review of board and company operations is planned for the early part of the 2021-22 year to develop a five-year plan for the company. This review will be conducted with the assistance of both an external consultant and Bendigo Bank.

Community involvement

We again supported local community events, funded by the Market Development Fund (MDF) supplied by Bendigo Bank. The MDF is being phased out by Bendigo Bank and will no longer be available by the 2022-23 financial year. We were proud to provide financial support for Olympic Long Jumper, Brooke Stratton, during her preparation for the Olympics in Tokyo.

Our Staff

Community Bank Wantirna is very fortunate to have a branch team who are skilled in what they do and are prepared to go that extra mile for customers. 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. Based on Bendigo Bank KPIs, the branch team constantly score at the higher end of the scale. I thank them for their significant contribution that has resulted in a growth in total footings in a significantly challenging environment.

Executive officer, Chelsea Fletcher, continues to provide excellent support to the board, staff and the company in general. I thank her personally for her support to me as Chairman and acknowledge the significant contribution she makes to the smooth running of the company.

Wantirna Community Financial Services Limited

Chairman's report *(continued)*

Board

The past year saw the company lose three very skilled directors, Edmund Wong, Meena Wahl and Shannon Leake. We were saddened by the sudden passing of Edmund Wong. The loss of Edmund left a gap in financial skills on the Board. Meena Wahl, who provided excellent compliance advice resigned to pursue Community Bank board positions closer to the city where she now resides. Shannon Leake's family circumstances altered significantly resulting in her reluctantly tendering her resignation. Shannon's area of expertise was Corporate Governance, and she also chaired the Community Engagement sub-committee.

I am pleased to report the Board's search for replacements has resulted in a dynamic and diverse team now in place to manage Wantirna Community Financial Services Limited. We welcomed new directors, Vinh Luong (Chair – Finance and Audit), Carol Constantine, Stephen Palamara, Julian Crane. We now have a strong team in place to drive the business forward.

I 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 branch team and to the Board.

We can only enhance our contribution to the local community if we grow the business. Manager John Tiganis is pleased with the number of business referrals that come from existing customers and I urge you as shareholders to be advocates for the business in which you have invested. Bendigo Bank proudly promotes itself as "The Better Big Bank" and I believe the Wantirna Community is fortunate to have a dedicated team in our branch who can guide customers through a comprehensive range of banking and financial products.

I plan to pass on the Chairman's baton in the coming year however will remain on the board in the short term. I thank you for the opportunity to lead a branch and board whose every decision is based on the "customer first" principle.



Jeff Somers
Chairman

Wantirna Community Financial Services Limited

Manager's report

For year ended 30 June 2021

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

For so many of us, this last financial year continues to be a challenge, here in Australia - and across the world. Our priority has been to support our people, our customers and our community impacted by the extreme events of 2020 /2021 including COVID-19, bushfires, and floods.

This continues to make 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.

Our ability to consistently grow our lending and deposits over the course of this year, have been a positive achievement by the Branch. We feel very proud of the \$6M each in loans and deposits in such a challenging market.

Costs were monitored closely during the year and enabled us to come in below target cost to income ratio.

We will continue to take the necessary steps to accelerate our strategy and to reshape our business to meet the changing needs of banking, whilst we continue to provide quality outcomes for our customers and meet the expectations of all our stakeholders.

The key to achieving quality outcomes is the provision of outstanding customer and partner experiences. We are happy 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 branch. 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 Chairman Jeff Somers for his guidance, leadership, support, and immense effort invested in 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 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 their report together with the financial statements of the company for the financial year ended 30 June 2021

Directors

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

Jeffrey James Somers

Director & Chairman

Project Manager

Jeff has lived in Rowville for the past 23 years, is married to Veronica and has two adult children. Community involvement has been a focus for all of Jeff's life and has included the Rowville Secondary College School Council, Knox Council Community Grants, Churchill-Waverley Golf and Bowls Club and the Rotary Club of Rowville-Lysterfield. He has also been involved in a Rotary Police Mentoring program and was previously a member of Knox Community Financial Services.

Jeff has also been awarded an Aston Community Award and a Victoria Day Award. Jeff's qualifications include B.A., B.Ed., M.Ed. Studs., Dip. Bus., Dip. Rel. Ed. and T.P.T.C and he is a life member of the Australian College of Educators. His work experience includes Teaching, Principalship, General Manager, Project Manager, Instructional Designer and VET Assessor. He currently delivers training programs in Financial Literacy for The Smith Family to under privileged secondary students in their later years of schooling. Community Bank branches are an important part of Jeff's life and he holds shares in six Community Bank Companies, including Wantirna Community Financial Services.

Special responsibilities: Chair of Future Directions & HR Committee, member of Community Engagement Committee and Finance & Audit Committee

Interest in shares: Interest in shares: 10,500

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. Special responsibilities: Member of HR Committee & Community Engagement Committee

Interest in shares: 2,000

Wantirna Community Financial Services Limited

Directors' Report

Directors (continued)

Wendy Moo Yin Van Horssen

Director

Online Business Owner

Wendy is currently an online Business Owner. She received her master's in business administration from Charles Sturt University Australia, Diploma in Hotel and Catering Management at University of Pennsylvania USA and is currently pursuing Doctor in Philosophy in Entrepreneurship at University Malaysia Sabah. Wendy is 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 Club International, member of Rotarian Group Study Exchange in 2000, Toastmaster International Competent Leader 2014 and Public Speaker 2013.

As an ex-hotelier and being in the tourism industry since 1979, Wendy brings with her a wealth of international hospitality management experience. She has worked in Australia, Hawaii, South Korea, Malaysia, Indo China, and Europe. Wendy is a strong believer of the community banking model. She connects widely in the local community including volunteer at Proud Tati community, home ground Café. Life member Tutor- U3A, member and guest speaker at Women Association South Melbourne East Australia. Ambassador for Multicultural Business Group Wantirna and Mental Health Foundation Australia. Member of Women Council political party Australia, Victorian Division, Member Peninsula and (Ex Aston) Ex-Vice President of Wantirna political party Australia, Victorian Division, Hon Secretary- Australia Asia Culture & Arts Centre. Reader of Australian Institute of Company Directors / Governance Institute Australian/National Community Bank Council and Institute Health Nursing Association. Special responsibilities: Chair of Community Engagement Committee, member of Future Directions Committee and Finance & Audit Committee

Interest in shares: Nil

Carol Lyn Constantine

Director (Appointed 07 December 2020)

Head of Group Compliance Programs

Carol has lived in the Knox area since 2011, recently purchasing a home in Ferntree Gully. Carol was a member of the Rotary Club of Noble Park between 1996-2011 and served on many Board positions including President and Assistant Governor. Carol received a Notary Paul Harris Fellow for community services in 2008. In March 2020, Carol became a member of the Rotaty Club of Rowville-Lysterfield and is now a member of the Board. Carol has also served on Scout Group committees in Cranbourne and Knox are for the past 9 years. Carol's career spans 22 years with Australia Post Group. During her career at Australia Post Carol held various roles in Corporate Real Estate, Procurement, Communications and IT broadening her experience prior to joining the Risk and Compliance function. Carol brings experience in management, governance, risk and compliance to the Board and has formal qualifications in Governanace, Risk and Compliance from the Governance Risk and Compliance Institute (GRCI).

Special responsibilities: Member of Future Developments Committee & Community Engagement Committee

Interest in shares: Nil

Vinh Quang Luong

Director and Treasurer (Appointed 07 December 2020)

Accountant

Ving Luong is an experienced Portfolio Manager and Public Accountant with a demonstrated history of working in the financial services industry. Skilled in leadership, budgeting, investment, banking and sales. A strong professional, he graduated from National Chengchi University (Taiwan). Vinh is a Fellowship member of the Institute of Managers and Leaders Australia and New Zealand (IML ANZ), as well as a Senior Associate Member of the Financial Services Institute of Australasia (FINSIA). Vinh is also an Associate Management Accountant of the Institute of Certified Management Accountants (ICMA).

Special responsibilities: Member of Finance & Audit Committee, Member of Community Engagement Committee and Member of Future Developments Committee.

Interest in shares: Nil

Wantirna Community Financial Services Limited

Directors' Report

Directors (*continued*)

Julian Geoffrey Crane

Director (Appointed 7 July 2021)

Sales & Marketing Director

Julian has over 25 years' experience in hospitality business management with extensive experience in business development, client relationship management, partnership marketing and hospitality operations. He started his career with the Sheraton Towers Melbourne (now the Langham) and has worked with key global hotel brands including Four Seasons Hotels & Resorts and Six Senses Hotels Resorts Spas spanning several countries including Australia, UK, Malaysia, Japan, Thailand and the Middle East. Julian's qualifications include BA (Hons) Degree Hotel Business Management and a Marketing Diploma (Chartered Institute of Marketing - UK).

Special Responsibilities: Member of Finance and Audit Committee and the Community Engagement Committee

Interest in shares: Nil

Stephen Paul Palamara

Director (Appointed 7 July 2021)

Sales & Marketing Executive

Stephen is an experienced sales and marketing executive, who excels in new business development, with excellent customer building skills. Strength in stakeholder engagement with a demonstrated marketing approach while sharing business acumen to assist businesses to grow their existing customers and achieve their goals.

Stephen's career experience has been in the areas of B2B, B2C with telephone and face to face interactions covering Finance, Hospitality, Retail and SME's.

He enjoys sharing his knowledge with like minded successful business owners who look to grow their respective businesses.

Stephen has over 35 years experience in banking, hospitality, marketing and retail allowing him to understand the banking customer and bring to the board an objective view while providing his skills in the digital and traditional marketing environment.

Paul has a Masters in Marketing and a Grad Cert in Small Business Management. His experience, determination, professionalism and ambition combined with a loyal and old fashioned hard working ethic best describes Stephen.

Special Responsibilities: Member of Finance and Audit Committee and the Community Engagement Committee

Interest in shares: Nil

Shannon Mariani Leake

Director (Resigned 22 Feb 2021)

Executive Director

Shannon is a Managing Partner of Institutional Distribution Partners Pty Ltd, an ASIC licenced financial services company that raises capital for Fund Managers from the wholesale institutional investment industry. In this position, she works with clients 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.

Special Responsibilities: Chair of Community Engagement Committee

Interest in shares: Nil

Edmund Chee Ming Wong

Director & Treasurer (Deceased 12 March 2021)

Management Consultant

Edmund was an experienced board director across nine boards in various roles from chairman, treasurer and company director.

Senior executive roles included Managing Director & Vice President across technology multinationals including IBM, Hewlett-Packard and Thomson Reuters over the past thirty years. Edmund had 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.

Special responsibilities: Member of Finance & Audit Committee

Interest in shares: Nil

Wantirna Community Financial Services Limited

Directors' Report

Meenakshi Wahi

Director (Resigned 5 May 2021)

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 has completed her Company Director course from the Australian Institute of Company Directors.

Special responsibilities: Chair of HR Committee

Interest in shares: Nil

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 2021	Year ended 30 June 2020
\$	\$
34,940	58,557

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Jeffrey James Somers	10,500	-	10,500
Phillipa Jane Maloney-Walsh	2,000	-	2,000
Wendy Moo Yin Van Horssen	-	-	-
Carol Lyn Constantine	-	-	-
Edmund Chee Ming Wong	-	-	-
Meenakshi Wahi	-	-	-
Shannon Mariani Leake	-	-	-
Stephen Paul Palamara	-	-	-
Julian Geoffrey Crane	-	-	-
Vinh Quang Luong	-	-	-

Dividends

	Cents per share	Total amount \$
Dividends:		
- Final Unfranked Dividend	1.50	13,823

Wantirna Community Financial Services Limited

Directors' Report

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest, except as disclosed in Note 27 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts.

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.

Wantirna Community Financial Services Limited

Directors' Report

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		F&A Committee		HR Committee		Future Directions	
	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>	<i>E</i>	<i>A</i>
Jeffrey James Somers	10	10	2	2	6	5	1	1	1	1
Phillipa Jane Maloney-Walsh	10	10	2	2	-	-	1	1	-	-
Wendy Moo Yin Van Horssen	10	9	6	5	7	6	-	-	1	1
Carol Lyn Constantine	5	5	3	3	-	-	-	-	-	-
Edmund Chee Ming Wong	7	5	-	-	5	4	-	-	-	-
Meenakshi Wahi	8	6	1	1	2	2	1	1	-	-
Shannon Mariani Leake	6	5	3	3	-	-	-	-	-	-
Stephen Paul Palamara	-	-	-	-	-	-	-	-	-	-
Julian Geoffrey Crane	-	-	-	-	-	-	-	-	-	-
Vinh Quang Luong	5	5	3	3	3	3	-	-	1	1

Proceedings on behalf of the company

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

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

Non audit services

The company may decide to employ the auditor on assignments 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 7.

Signed in accordance with a resolution of the directors at WANTIRNA, VICTORIA



Jeffrey James Somers, Director

24 September 2021

Independent 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 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 September 2021



Joshua Griffin
Lead Auditor

Wantirna Community Financial Services Limited
Statement of Profit or Loss and Other
Comprehensive Income
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	560,789	561,017
Other revenue	9	34,322	52,965
Finance income	10	2,684	4,485
Employee benefit expenses	11d)	(344,811)	(341,351)
Charitable donations, sponsorship, advertising and promotion	11c)	(15,262)	(11,657)
Occupancy and associated costs		(21,518)	(24,141)
Systems costs		(18,891)	(18,810)
Depreciation and amortisation expense	11a)	(58,919)	(64,917)
Finance costs	11b)	(9,557)	(11,146)
General administration expenses		(73,916)	(70,197)
Profit before income tax expense		54,921	76,248
Income tax expense	12	(19,981)	(17,691)
Profit after income tax expense		34,940	58,557
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		34,940	58,557
Earnings per share		¢	¢
- Basic and diluted earnings per share:		3.79	6.35

Wantirna Community Financial Services Limited

Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13	478,621	425,589
Trade and other receivables	14a)	51,479	53,943
Total current assets		530,100	479,532
Non-current assets			
Property, plant and equipment	15a)	120,415	127,342
Right-of-use assets	16a)	167,740	209,639
Intangible assets	17a)	3,112	20,233
Deferred tax asset	18a)	65,485	85,464
Total non-current assets		356,752	442,678
Total assets		886,852	922,210
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	23,273	43,240
Lease liabilities	20a)	38,093	39,499
Employee benefits	21a)	18,928	16,578
Total current liabilities		80,294	99,317
Non-current liabilities			
Trade and other payables	19a)	2,614	2,614
Lease liabilities	20b)	194,127	237,231
Employee benefits	21b)	15,609	9,957
Total non-current liabilities		212,350	249,802
Total liabilities		292,644	349,119
Net assets		594,208	573,091
EQUITY			
Issued capital	22a)	891,225	891,225
Accumulated losses	23	(297,017)	(318,134)
Total equity		594,208	573,091

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 2021

	Notes	Issued capital \$	(Accumulated losses) \$	Total equity \$
Balance at 1 July 2019		891,225	(349,046)	542,179
Total comprehensive income for the year		-	58,557	58,557
Dividends provided for or paid	28	-	(27,645)	(27,645)
Balance at 30 June 2020		891,225	(318,134)	573,091
Balance at 1 July 2020		891,225	(318,134)	573,091
Total comprehensive income for the year		-	34,940	34,940
Dividends provided for or paid	28	-	(13,823)	(13,823)
Balance at 30 June 2021		891,225	(297,017)	594,208

The accompanying notes form part of these financial statements

Wantirna Community Financial Services Limited

Statement of Cash Flows

for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		646,418	667,305
Payments to suppliers and employees		(514,404)	(517,232)
Interest received		2,583	4,930
Lease payments (interest component)	11b)	(9,557)	(11,146)
Lease payments not included in the measurement of lease liabilities	11e)	(6,447)	(6,316)
Net cash provided by operating activities	24	118,593	137,541
Cash flows from investing activities			
Payments for property, plant and equipment		(2,135)	-
Payments for intangible assets		(14,256)	(14,256)
Net cash used in investing activities		(16,391)	(14,256)
Cash flows from financing activities			
Lease payments (principle component)		(35,347)	(33,504)
Dividends paid	28	(13,823)	(27,645)
Net cash used in financing activities		(49,170)	(61,149)
Net cash increase in cash held		53,032	62,136
Cash and cash equivalents at the beginning of the financial year		425,589	363,453
Cash and cash equivalents at the end of the financial year	13	478,621	425,589

The accompanying notes form part of these financial statements

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

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

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

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

Ability to change financial return (continued)

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.

b) Other revenue

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

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

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

d) Employee benefits*Short-term employee benefits*

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

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

d) Employee benefits*Defined superannuation contribution plans*

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Goods and Services Tax

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

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

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	5 to 40 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 relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)
Goodwill	Straight-line	6.25 years

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

i) Financial instruments

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

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

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

i) Financial instruments (*continued*)

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

j) Impairment*Non-derivative financial assets*

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

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

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

k) Issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

l) Provisions

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

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

m) Leases

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

As a lessee

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

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

m) Leases (*continued*)

As a lessee (continued)

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 **Significant accounting judgements, estimates, and assumptions**

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

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

a) Judgements

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

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

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

<u>Note</u>	<u>Assumptions</u>
- Note 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 through promotion and inflation;

Note 6 Financial risk management

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

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

a) Credit risk

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

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 6 Financial risk management (continued)

b) Liquidity risk

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

Exposure to liquidity risk

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

30 June 2021

Non-derivative financial liability	Carrying amount	Not later than 12 months	Contractual cash flows	
			Between 12 months and five years	Greater than five years
Lease liabilities	256,703	46,213	201,602	8,888
Trade and other payables	25,887	23,273	2,614	-
	<u>282,590</u>	<u>69,486</u>	<u>204,216</u>	<u>8,888</u>

30 June 2020

Non-derivative financial liability	Carrying amount	Not later than 12 months	Contractual cash flows	
			Between 12 months and five years	Greater than five years
Lease liabilities	311,900	50,086	197,729	64,085
Trade and other payables	45,854	43,240	2,614	-
	<u>357,754</u>	<u>93,326</u>	<u>200,343</u>	<u>64,085</u>

b) Market risk

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

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

Price risk

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

The company is 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 and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$478,621 at 30 June 2021 (2020: \$425,589). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 8 Revenue from contracts with customers

	2021 \$	2020 \$
- Margin income	481,554	486,069
- Fee income	31,839	33,669
- Commission income	47,397	41,279
	<u>560,790</u>	<u>561,017</u>

Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	23,543	35,000
- Cash flow boost	10,779	17,965
	<u>34,322</u>	<u>52,965</u>

Note 10 Finance income

	2021 \$	2020 \$
- Term deposits	<u>2,684</u>	<u>4,485</u>

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11 Expenses

a) Depreciation and amortisation expense	2021 \$	2020 \$
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	4,847	10,027
- Plant and equipment	4,216	4,228
	<u>9,063</u>	<u>14,255</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	<u>32,735</u>	<u>33,542</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,244	2,244
- Franchise renewal process fee	11,197	11,196
- Other	3,680	3,680
	<u>17,121</u>	<u>17,120</u>
Total depreciation and amortisation expense	<u>58,919</u>	<u>64,917</u>
b) Finance costs		
- Lease interest expense	<u>9,557</u>	<u>11,146</u>

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

c) 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).

	2021 \$	2020 \$
- Direct sponsorship, advertising, and promotion payments	<u>15,262</u>	<u>11,657</u>

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

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

d) Employee benefit expenses	2021 \$	2020 \$
Wages and salaries	295,075	293,429
Contributions to defined contribution plans	27,979	27,207
Expenses related to long service leave	7,367	4,101
Other expenses	14,390	16,614
	<u>344,811</u>	<u>341,351</u>

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 11 Expenses (*continued*)

e) Recognition exemption

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

	2021 \$	2020 \$
Expenses relating to low-value leases	6,447	6,316

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

	2021 \$	2020 \$
<i>Current tax expense/(credit)</i>		
- Current tax	-	20,021
- Movement in deferred tax	238	(20,770)
- Recoupment in prior year tax losses	12,462	
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	7,281	
- Adjustment to deferred tax on AASB 16 retrospective application	-	18,440
	19,981	17,691

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2021, the company tax rate will be reduced from 26% to 25%. This change resulted in a loss of \$7,281 related to the remeasurement of the deferred tax assets and liabilities of the company.

b) *Prima facie* income tax reconciliation

Operating profit before taxation	54,921	76,248
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	14,279	20,968
Tax effect of:		
- Non-deductible expenses	1,224	1,663
- Non Assessable Income	(2,803)	(4,940)
- Temporary differences	(238)	-
- Adjustment to deferred tax to reflect reduction of rate rate in future periods	7,281	
- Movement in deferred tax asset	238	-
	19,981	17,691

Note 13 Cash and cash equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	140,311	89,860
- Term deposits	338,310	335,729
	478,621	425,589

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 14 Trade and other receivables

a) Current assets	2021 \$	2020 \$
Trade receivables	40,281	39,298
Prepayments	9,830	13,379
Other receivables and accruals	1,357	1,266
	<u>51,468</u>	<u>53,943</u>

Note 15 Property, plant and equipment

a) Carrying amounts	2021 \$	2020 \$
<i>Leasehold improvements</i>		
At cost	208,662	208,661
Less: accumulated depreciation	(113,225)	(108,377)
	<u>95,437</u>	<u>100,284</u>
<i>Plant and equipment</i>		
At cost	111,915	109,779
Less: accumulated depreciation	(86,937)	(82,721)
	<u>24,978</u>	<u>27,058</u>
Total written down amount	<u>120,415</u>	<u>127,342</u>

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.

b) Reconciliation of carrying amounts	2021 \$	2020 \$
<i>Leasehold improvements</i>		
Carrying amount at beginning	100,284	110,311
Depreciation	(4,847)	(10,027)
	<u>95,437</u>	<u>100,284</u>
<i>Plant and equipment</i>		
Carrying amount at beginning	27,058	31,286
Additions	2,136	-
Depreciation	(4,216)	(4,228)
	<u>24,978</u>	<u>27,058</u>
Total written down amount	<u>120,415</u>	<u>127,342</u>

c) Changes in estimates

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

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 16 Right-of-use assets

a) Carrying amounts	2021 \$	2020 \$
<i>Leased land and buildings</i>		
At cost	488,379	497,543
Less: accumulated depreciation	(320,639)	(287,904)
Total written down amount	<u>167,740</u>	<u>209,639</u>
b) Reconciliation of carrying amounts		
<i>Leased land and buildings</i>		
Carrying amount at beginning	209,639	-
Initial recognition on transition	-	497,543
Accumulated depreciation on adoption	-	(254,362)
Remeasurement adjustments	(9,164)	-
Depreciation	(32,735)	(33,542)
Total written down amount	<u>167,740</u>	<u>209,639</u>

Note 17 Intangible assets

a) Carrying amounts	2021 \$	2020 \$
<i>Franchise fee</i>		
At cost	32,746	32,746
Less: accumulated amortisation	(32,400)	(30,156)
	<u>346</u>	<u>2,590</u>
<i>Franchise renewal process fee</i>		
At cost	113,729	113,729
Less: accumulated amortisation	(111,883)	(100,686)
	<u>1,846</u>	<u>13,043</u>
<i>Goodwill</i>		
At cost	23,000	23,000
Less: accumulated amortisation	(22,080)	(18,400)
	<u>920</u>	<u>4,600</u>
Total written down amount	<u>3,112</u>	<u>20,233</u>
b) Reconciliation of carrying amounts		
<i>Franchise fee</i>		
Carrying amount at beginning	2,590	4,834
Amortisation	(2,244)	(2,244)
	<u>346</u>	<u>2,590</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	13,043	24,239
Amortisation	(11,197)	(11,196)
	<u>1,846</u>	<u>13,043</u>

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 17 Intangible assets (continued)

b) Reconciliation of carrying amounts (continued)	2021 \$	2020 \$
<i>Goodwill</i>		
Carrying amount at beginning	4,600	8,280
Amortisation	(3,680)	(3,680)
	<u>920</u>	<u>4,600</u>
Total written down amount	<u>3,112</u>	<u>20,233</u>

c) Changes in estimates

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

Note 18 Tax assets and liabilities

a) Deferred tax	2021 \$	2020 \$
<i>Deferred tax assets</i>		
- expense accruals	3,149	5,169
- employee provisions	8,634	7,297
- lease liability (AASB 16)	58,055	28,122
- carried-forward tax losses	37,923	54,896
Total deferred tax assets	<u>107,761</u>	<u>95,484</u>
<i>Deferred tax liabilities</i>		
- income accruals	342	348
- right of use asset (AASB 16)	41,935	9,672
Total deferred tax liabilities	<u>42,277</u>	<u>10,020</u>
Net deferred tax assets (liabilities)	<u>65,484</u>	<u>85,464</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>19,981</u>	<u>-</u>

Note 19 Trade creditors and other payables

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

a) Current liabilities	2021 \$	2020 \$
Trade creditors	190	4,112
Other creditors and accruals	<u>23,083</u>	<u>39,128</u>
	<u>23,273</u>	<u>43,240</u>
 b) Non-current liabilities		
Other creditors and accruals	<u>2,614</u>	<u>2,614</u>

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

The company's lease portfolio includes:

- **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.

a) Current lease liabilities	2021	2020
	\$	\$
Property lease liabilities	46,213	50,086
Unexpired interest	(8,120)	(10,587)
	<u>38,093</u>	<u>39,499</u>
b) Non-current lease liabilities		
Property lease liabilities	210,490	261,814
Unexpired interest	(16,363)	(24,583)
	<u>194,127</u>	<u>237,231</u>
c) Reconciliation of lease liabilities		
Balance at the beginning	276,730	-
Initial recognition on AASB 16 transition	-	104,393
Additional lease liabilities recognised	-	252,157
Remeasurement adjustments	(9,164)	(46,316)
Lease interest expense	9,557	11,146
Lease payments - total cash outflow	(44,903)	(44,650)
	<u>232,220</u>	<u>276,730</u>
d) Maturity analysis		
- Not later than 12 months	46,213	50,086
- Between 12 months and 5 years	201,602	261,814
- Greater than 5 years	8,888	-
Total undiscounted lease payments	<u>256,703</u>	<u>311,900</u>
Unexpired interest	(24,483)	(35,170)
Present value of lease liabilities	<u>232,220</u>	<u>276,730</u>

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 21 Employee benefits

a) Current liabilities	2021 \$	2020 \$
Provision for annual leave	18,928	16,578
b) Non-current liabilities		
Provision for long service leave	15,609	9,957

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	2021		2020	
	Number	\$	Number	\$
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

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).

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 22 Issued capital

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

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

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

Note 23 Accumulated losses

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		(318,134)	(300,432)
Adjustment for transition to AASB 16		-	(48,614)
Net profit after tax from ordinary activities		34,940	58,557
Dividends provided for or paid	28	(13,823)	(27,645)
Balance at end of reporting period		<u>(297,017)</u>	<u>(318,134)</u>

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 24 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	34,940	58,557
Adjustments for:		
- Depreciation	41,798	47,797
- Amortisation	17,121	17,120
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	2,464	(3,073)
- (Increase)/decrease in other assets	19,978	17,692
- Increase/(decrease) in trade and other payables	(5,710)	(7,794)
- Increase/(decrease) in employee benefits	-	-
- Increase/(decrease) in provisions	8,002	7,242
Net cash flows provided by operating activities	<u>118,593</u>	<u>137,541</u>

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	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	13	140,311	89,860
Term deposits	13	338,310	335,729
Trade and other receivables	14	41,638	40,564
		<u>520,259</u>	<u>466,153</u>
Financial liabilities			
Trade and other payables	19	25,887	45,854
Lease liabilities	20	232,220	276,730
		<u>258,107</u>	<u>322,584</u>

Note 26 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- General advisory services	1,300	900
- Share registry services	4,936	4,665
- Other non audit services	-	86
Total auditor's remuneration	<u>11,236</u>	<u>10,451</u>

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 27 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Jeffrey James Somers
 Phillipa Jane Maloney-Walsh
 Wendy Moo Yin Van Horssen
 Carol Lyn Constantine
 Edmund Chee Ming Wong
 Meenakshi Wahi
 Shannon Mariani Leake
 Vinh Quang Luong

b) Key management personnel compensation

	2021 \$	2020 \$
Key management personnel compensation comprised the following.		
Directors fees	1,446	-
	<u>1,446</u>	<u>-</u>

c) Related party transactions

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

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 2021		30 June 2020	
	Cents	\$	Cents	\$
Unfranked dividend	<u>1.50</u>	<u>13,823</u>	<u>3.00</u>	<u>27,645</u>

Note 29 Earnings per share

a) Based and diluted earnings per share

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

	2021 \$	2020 \$
Profit attributable to ordinary shareholders	<u>34,940</u>	<u>58,557</u>
	Number	Number
Weighted-average number of ordinary shares	<u>921,509</u>	<u>921,509</u>
Basic and diluted earnings per share	<u>3.79</u>	<u>6.35</u>

Wantirna Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 30 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 2021 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Jeffrey James Somers, Director

24 September 2021

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Wantirna Community Financial Services Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of 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 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 September 2021



Joshua Griffin
Lead Auditor

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