




Whitehorse Community Enterprises Limited

ABN 67 106 202 304

2021 Annual Report

Community Bank · Blackburn South

Contents

Chairman's report

For year ending 30 June 2021

I would like to acknowledge the fantastic contributions made by all our staff members who consistently go above and beyond to ensure that our customers are delighted, the community is effectively engaged, and shareholders value is enhanced.

Our 17th year of operation has proven to be a very challenging period for the community with the ongoing impact of the COVID-19 pandemic. The company continues to successfully navigate this challenging period with a strong engagement within the City of Whitehorse whilst also ensuring the continued financial viability of the business.

This past financial year we have been able to maintain our strong financial position. Revenue was however down by 6.7%, profit after tax was down 40.9% and more closely aligned with our 2019 result as during the year, and in response to COVID-19, we increased our support of the community which was a key driver to reduced earnings. Earnings per share reduced from 46.31 cents per share to 27.37 cents per share. We continue to have a strong balance sheet with $1,321,381 in cash and cash equivalents (up from $1,212,292 in 2019/20) and $865,834 in retained earnings (up from $751,742 in 2019/20) for shareholders.

During the year, and in response to the COVID-19 pandemic, we increased our charitable donations, sponsorship, advertising, and promotion activities to $193,900 from $139,603 the year prior. During the year we made concerted efforts to reach out and engage with key Community Groups in order to provide support and assist them in navigating a path through COVID-19. We have been working with many entities and still see that they are struggling with the stop start nature of lockdowns however we have remained close to ensure when things do open up that we can support them as they look to rebuild and restart their community activities. As a Board we are very clear that the needs of the City of Whitehorse will be quite different from pre-COVID-19 to post-COVID-19, and we are keeping an open mind and proactively engaging with community groups to ensure that we remain relevant. Finally, as we remain unclear as to the longer-term impact of COVID-19 we continue to take a considered and fiscally prudent position in our decision making in order to ensure that we have adequate funds available for the ongoing running of the company should we encounter unforeseen headwinds. We remain optimistic and hopeful that in 2022 we will see a period of normalisation and opening of the economy that will allow us to be even more relevant and engaged than ever before.

Once again none of this would not be possible without the dedication, commitment and focus of our branch staff. The team are ably led by our Manager Peter Grierson who continues to be a great asset to the organisation and has assisted in navigating the uncertainty that the COVID-19 pandemic has created. I would like to acknowledge the fantastic contributions made by all our staff members who consistently go above and beyond to ensure that our customers are delighted, the community is effectively engaged, and shareholders value is enhanced. I would also like to recognise and thank the branch team who have continued to attend the office throughout the period of the pandemic and remain highly engaged. Thank you all!

I would like to recognise and thank the work of all my fellow Directors. Shareholders have a Board working for the company that are highly committed, dedicated, skilled and engaged. Not a day goes by without my fellow Directors and I discussing issues that either improve Shareholder Value, Community Engagement, Employee Engagement or Customer Satisfaction. Thank you!

Finally, once again I would like to thank our shareholders for the trust that they put in our Board of Directors and myself as Chair. I would like to thank you for this privilege and trust that you show in us.

Yours sincerely,

David Stewart Spong
Chairman

Manager's report

For year ending 30 June 2021

Please continue to play your part by spreading the word about the very personal and professional banking service provided by your Community Bank Blackburn South, and in doing so, this will ensure that your branch continues to grow and that our commitment and contribution to our local community will continue to grow.

Your Community Bank at Blackburn South is now in its seventeenth year of operation and is enduring two of its biggest challenges, the COVID-19 pandemic and record low interest rates. Having said that, last financial year, we managed to increase our Loan book by $4.3 million and our Deposit book by $9.2 million. Our combined deposits and loans now sit at a remarkable $227 million.

The above results would not have been possible without the contribution of many people. Firstly, to my staff who I would like to name individually as they are a key driver of our business. Corey Lim, Kelly Kerwin, Leanne Fyffe and Marcy Whitby. A big shout out to Rosa Damino, who retired in August and was universally loved by staff and clients. We wish Rosa all the best for the future. We have appointed a new staff member, Neha Patel, and we look forward to her becoming a valued member of the team.

To those shareholders who are yet to bring their banking across to us, I invite you to call into the branch and discuss your needs with our team. To those shareholders who have supported our branch, I thank you for your current, continued and ongoing support.

To our Directors who work tirelessly through the challenges of supporting us through these difficult times. I continue to enjoy a strong working relationship with all members of the Board and know that I can readily call upon Board members for advice at any time.

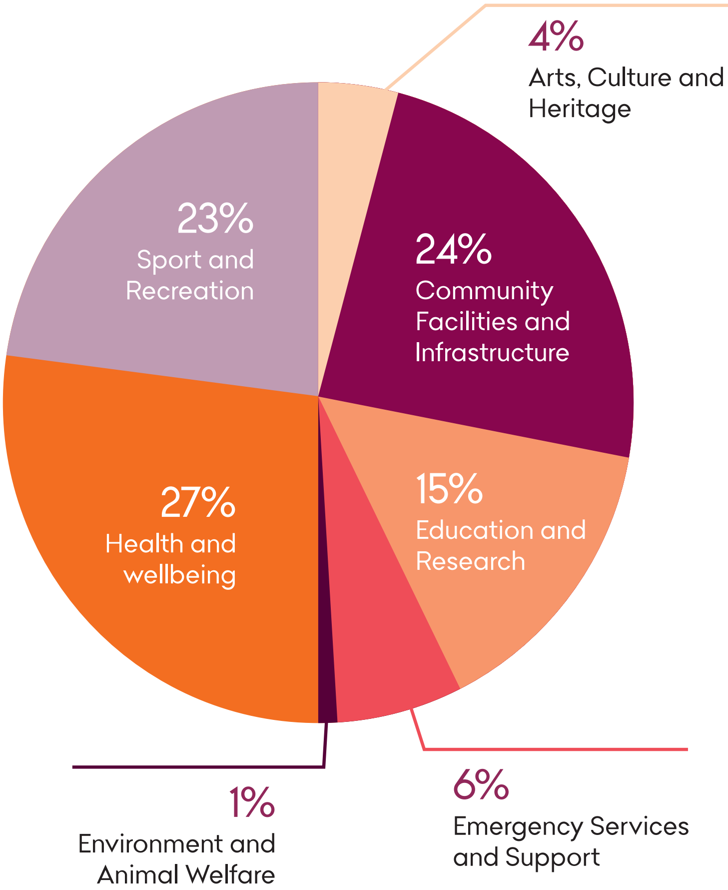
Lastly to our customers who continue to support us and ultimately enable us to maintain banking services in the Blackburn South area. Please continue to play your part by spreading the word about the very personal and professional banking service provided by your Community Bank Blackburn South, and in doing so, this will ensure that your branch continues to grow and that our commitment and contribution to our local community will continue to grow.

Peter Grierson
Branch Manager

Community Investment

Cumulative community contributions - to 30 June 2021

Area	Sum of Total
Arts, Culture and Heritage	$38,924
Community Facilities and Infrastructure	$260,324
Education and Research	$163,642
Emergency Services and Support	$65,181
Environment and Animal Welfare	$5,600
Health and Wellbeing	$290,753
Sport and Recreation	$247,958
Grand Total	**$1,072,383**



$193,900
Donations, sponsorships and promotion in 2020/21

283
Groups assisted since incorporation

3,875
Local customers at 30 June 2021

$1.321 million
In cash and cash equivalents at 30 June 2021

10¢
Dividend: 10 cent fully franked paid during in 2020/21

11
Directors working for Whitehorse Community Enterprises Limited

Glossary

Throughout this report we refer to particular terms. Here's what we mean by...

Footings means the total deposits, loan and other business held at a particular Community Bank. This is a measure of the banking business we look after for customers.

Community Investment means a contribution made by our company to a not-for-profit community-based organisation. This can be in the form of a sponsorship or a grant. Some are big while some are small, and may reflect the number of members from the community that have become customers.

Community Bank means a franchise of Bendigo and Adelaide Bank Limited that is operated by a public company owned by people in the community the branch operates in.

Eastern Health - a big thank you

“Eastern Health would like to thank Whitehorse Community Enterprises Limited Community Bank Blackburn South for supporting a number of valuable projects in the past year. Your support has improved the health of ourpatients, meeting social needs and ultimately, making sure that we have a strong, healthy community. Thank you..”

Associate Professor Judy Hope, Mental Health clinician, Box Hill Hospital

Nunawading Lions - International Women’s Day Dinner

The dinner was a huge success with over $5,000 being raised for Prison Network. Thank you to Community Bank Blackburn South for generously contributing $1000 on the night. Prison Network is an amazing group supporting women involved in the criminal justice system. It was a privilege to be able to support women and their families going through a very tough time.

Share the Dignity

The Community Bank Blackburn South supported the work Share the Dignity is doing in the community.

Share the Dignity works to make a real, on the ground difference in the lives of those experiencing homelessness, fleeing domestic violence, or doing it tough.

As always our community got on board and dropped in bags full of everyday supplies for this cause. Pictured are the bags being delivered to Bunnings who were the main drop off point.

Thank you to all who helped out with this cause.

Australian Red Cross Blackburn Branch - Teddies for those in need

Recently we got to meet these wonderful ladies from Australian Red Cross Blackburn Branch. If you have been following our social media you would have seen that we have had our community knitting Trauma Teddies®.

One of our dedicated knitters Janice, joined us in handing over 400 bears to the organisation. These bears were finished by the Red Cross and then distributed to those in need.

Thank you to all the knitters who contributed to this amazing result.

Lighting the courts

Koonung Park Tennis Club's two newest courts opened in December 2020. Grant funding assisted with the provision of the LED lighting for the two newly renovated courts. The lighting will enable greater use of the facility and the LED lighting provides a very low operational cost for the lighting.

Coffee on us

Featured below are the owners of Charlotte's Corner and The Honey Thief Bakery, who generously supported this project.

Recently we gave coffee vouchers to teachers and administration staff working at our local schools, to show support for all their fantastic work during these difficult times. Pictured are teachers receiving a "Coffee on Us" from a couple of our local cafes.

Holy Saviour Tennis Club

Through sponsorship provided by the branch, Holy Saviour Tennis Club in conjunction with Holy Saviour Primary School and Pro Touch Tennis Academy, enabled every interested student to be provided with a fully subsidised term of tennis coaching. We have heard back from some parents saying that this was a fantastic program which the kids really enjoyed.

If you think your club could benefit with some sponsorship, please contact the branch for further information on how we might be able to help. Pictured is Rob from Holy Saviour Tennis Club and branch staff member Kelly.

Umbrella Dementia Cafe – Moving Feast Project

Partnering with Community Bank Blackburn South, the Rotary Club of Box Hill Central is proud to have been a lead supporter of Umbrella Dementia Cafe's Moving Feast Project. During the first COVID-19 lockdown, the project delivered 1700 meals to the Whitehorse community. Thank you to all who supported the project.

Chinese Cancer & Chronic Illness Society of Victoria

Community Bank Blackburn South provided funding for this self-watering planter box. This project is enabling the Society to care for the mental and emotional wellbeing of clients suffering with chronic illnesses. Projects like this also improve the clients physical health, while producing nutritious homegrown vegetables for the meals cooked at the centre.

Community Partnerships in 2020/21

Avenue Neighbourhood House at Eley Inc.

Blackburn Bowls Club

Burwood Heights Primary School

Bill Sewart Athletic Track – Working with the Community

Chinese Cancer & Chronic Illness Society of Victoria 維省新生會 – A Volunteer-based Charity

easternhealth Foundation

Holy Saviour Tennis Club

KorusConnect – Partnering for community

KPTC

1st / 8th Blackburn Scout Group

Nunawading Cricket Club

Blackburn Orioles Baseball Club

Melbourne Trailable Yacht Club

Eastern Gymnastics Club

healthAbility – By your side

NTL Nunawading Toy Library – www.nunawadingtoylibrary.org.au

St. Lukes School Blackburn South – We Stand For God

U3A Nunawading – University of the Third Age

Umbrella Dementia Cafés

Whitehorse Community Houses – Bringing our Neighbourhood Together

Bendigo and Adelaide Bank report

For year ending 30 June 2021

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

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

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

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

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

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

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

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

Collin Brady
Head of Community Development

Directors' report

For the financial year ended 30 June 2021

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

Directors

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

David Stewart Spong

Chairman
Occupation: CFO / Finance Director
Qualifications, experience and expertise: David is the Australia and New Zealand Chief Financial Officer and Executive Director for Ericsson, working for both the Australian subsidiary and the parent company, LM Ericsson, since 1997. David's roles have included General Manager Finance, CFO & Finance Director (Saudi Arabia) and Group Business Controller for the Global Ericsson Organization. David has over twenty-five years corporate, SME and not for- profit experience and has worked in Sweden, Saudi Arabia, United Arab Emirates and Australia. Outside his executive career, David has been activity involved in local community not for profit organizations along with a strong engagement with CPA Australia Limited having held the role of Deputy Victorian President in 2014 and Non-Executive Director from 2014 to 2017. In addition to David's CPA involvement he was a member of the RMIT School of Accounting advisory board and was approached by The Prince's Accounting for Sustainability Project to assist in determining the viability of the establishment of an Australian and New Zealand chapter for this key focus area of the Prince of Wales. Bachelor of Business, FCPA (CPA Australia), GAICD (Australian Institute of Company Directors).
Special responsibilities: Finance Committee
Interest in shares: nil share interest held

Diane Elizabeth Fisher

Deputy Chair
Occupation: Change Manager
Qualifications, experience and expertise: Diane is Principal of The Balance Approach Pty Ltd and has over 20 years consulting experience with a range of industries from health care delivery, financial services, to logistics, transport and utilities. Diane is a member of the Eastern Health - Expert Advisory Committee for Cognition, Mobility and Continence. Diane is a member of the Rotary Club of Box Hill Central.
Special responsibilities: Deputy Chair, Chair - Community Engagement Committee
Interest in shares: 8,500 ordinary shares

Andrew Stephen Munroe

Non-executive director
Occupation: Telecommunications Engineer
Qualifications, experience and expertise: Holds a Bachelor of Business from Royal Melbourne Institute of Technology. Past executive member and Treasurer of a range of community organisations, many in the catchment area of Blackburn South Branch. Past and founding member of the Victorian Amputee and Disabled Skiers Association (now Wintersports). Over a decades' experience as a local government Councillor with the City of Whitehorse, including serving as the City's 2012/13, 2014/2015 and 2020/21 Mayor.
Special responsibilities: Community Engagement Committee
Interest in shares: 6,002 ordinary shares

Directors (continued)

Peter John Enlund

Non-executive director
Occupation: Retired
Qualifications, experience and expertise: Fellow of the Institute of Chartered Accountants in Australia and New Zealand, admitted in 1977. Peter holds a Bachelor of Arts (Honours) degree with High Distinction from Monash University. Active member of the Rotary Club of Box Hill Central and a Rotarian for over 33 years. Treasurer of two not-for-profit entities 2015 – 2017. Peter has extensive experience in Australia and USA in a range of executive and Board positions such as Chief Operating Officer, Chief Financial Officer, Group General Manager – Finance and Administration and Company Secretary in a variety of businesses, including four Australian universities, two ASX-listed companies and Divisions of a major Australian ASX-listed manufacturer. Other current non-executive directorships are Global Academy of Technology Pty Ltd and Penrite Oil Co. Pty Ltd.
Special responsibilities: Chair - Governance and Human Resources Committee, Member of the Finance Committee, Company Secretary
Interest in shares: 1,000 ordinary shares

Daniel Robert Watts

Non-executive director
Occupation: Finance Manager
Qualifications, experience and expertise: Dan has a finance, accounting, and reporting background. Dan is presently a senior finance manager with BHP and has led group-level financial accounting, management accounting, tax accounting, and finance project teams over the past six years. Prior to BHP, Dan was a manager in the assurance and advisory service line of Deloitte in Australia and Canada. Dan was President of Blackburn Lake Primary School Council from 2017-2020 and has been actively involved in a number of community clubs.
Special responsibilities: Treasurer, Finance Committee
Interest in shares: nil share interest held

Lelen Kemke

Non-executive director
Occupation: Business Owner
Qualifications, experience and expertise: Lelen holds a Bachelor of Law and Bachelor of Arts (Psychology major) from Monash University and Master of Taxation from the University of Melbourne. Lelen created and established an award-winning medium-sized business in 2014, BASE Camp Kids, which specialises in art, baking, and science parties and workshops for children. Responsible for all operational aspects of running the business with over 20 employees. Prior to that, Lelen has had extensive consulting experience with PwC in Melbourne and Singapore advising multinational corporations across various industry lines on complex transactions and restructures.
Special responsibilities: Community Engagement & Governance Committees
Interest in shares: nil share interest held

Karen Chan

Non-executive director
Occupation: Human Resources/Recruitment
Qualifications, experience and expertise: BSC Human Resources, Executive Search and assessment at Russell Reynolds Associates since 2014.
Special responsibilities: Community Engagement Committee
Interest in shares: nil share interest held

Directors (continued)

Umberto Mecchi

Non-executive director (appointed 3 August 2021)
Occupation: Strategy and Marketing Consultant
Qualifications, experience and expertise: Umberto is the CEO and Founder of consultancy firm Mecchinism Pty Ltd. Prior to establishing Mecchinism Pty Ltd in January 2019, he was the Chief Marketing Officer at Hostplus where he managed the strategy, business intelligence, PMO, Client Sales and Services and the Marketing portfolios. Umberto's roles have included senior marketing positions with the ANZ Bank, National Mutual/AXA and Zurich Financial Services in addition to working as a campaign strategist for The Shannon Company agency. In 2017, Umberto was ranked 11th in the coveted CMO Top 50 list in Australia in recognition of his marketing Influence and Excellence. Umberto holds a Bachelor of Business (Marketing) from RMIT and a Graduate Diploma in Organisational Leadership from Melbourne Business School. In 2021 Umberto also became a Graduate of the Australian Institute of Company Directors. He is also a Board Director of the Boroondara Eagles Football Club. Umberto has also been a committee member of Jesuit Social Services from August 2013 to November 2018.
Special responsibilities: Community Engagement Committee
Interest in shares: nil share interest held

Priscilla Helen Mellado

Non-executive director (appointed 3 August 2021)
Occupation: General Manager / Marketing
Qualifications, experience and expertise: Priscilla is a strategic marketing professional with over twenty years leadership experience in consumer-focused businesses across a range of industries including FMCG, retail, fast food, media, telecommunications, international mission development and corporate wellbeing services. Currently in the Executive Team at Positive Media Inc., home of 89.9 TheLight, Priscilla leads the brand and product strategy development for the organisation. Outside her corporate responsibilities, Priscilla is actively involved in not-for-profit community and missions organisations. Priscilla holds a Bachelor of Business (Marketing) from Monash University and is a GAICD (Graduate of the Australian Institute of Company Directors). Other current Directorships include Presbyterian Ladies' College, Melbourne and St Hilary's Anglican Church, Kew.
Special responsibilities: Community Engagement Committee
Interest in shares: nil share interest held

Pui Yin (Jayden) Yu

Non-executive director (resigned 30 June 2021)
Occupation: Project Manager (Digital)
Qualifications, experience and expertise: Jayden is currently Project Manager at Hendersons Educational Services, and holds a Bachelor of Commerce and Graduate Certificate of Information Systems from Deakin University. Jayden has prior experience as a Digital Learning Officer at Deakin Business School, and also contributes to his local and university communities in volunteer roles as a Community Ambassador for the City of Monash, and Marketing Coordinator for the Deakin Economics & Finance Association.
Special responsibilities: Community Engagement Committee
Interest in shares: 3,500 ordinary shares

Thanh (Daniel) Dat Nguyen

Non-executive director (resigned 31 December 2020)
Occupation: Student Mentor
Qualifications, experience and expertise: Daniel holds a Bachelor of Commerce (Honours) degree with distinction from Deakin University, and he was the Victorian International Student of the Year 2018, awarded by the Victorian State government. With long-term experience in corporate governance and community engagement, Daniel contributes to the local community through various roles, including being a Professional Development Officer at the Golden Key International Honour Society and being the Program Coordinator at Deakin University English Language Institution. Daniel is currently working as a Student Adviser at Deakin University for the Faculty of Business and Law and actively engaging in various educational projects in Australia.
Special responsibilities: Governance Committee, Company Secretary
Interest in shares: nil share interest held

Directors (continued)

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

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

Company Secretary

The Company Secretary is Peter John Enlund. Peter was appointed to the position of Secretary from 1 July 2019.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
179,793	304,277

Under the franchise agreement with Bendigo Bank, the company derives a share of interest, fee, and commission revenue earned by the Bendigo Bank. 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. Changes in the funds transfer pricing methodology were implemented by Bendigo Bank in June 2020. The funds transfer pricing rate applicable to deposits decreased and the rate applicable to loans increased. As a consequence of the change in method, the company's net interest margin revenue in during the financial year was less than it was in the previous financial year.

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
David Stewart Spong	-	-	-
Diane Elizabeth Fisher	1,000	7,500	8,500
Andrew Stephen Munroe	6,002	-	6,002
Peter John Enlund	1,000	-	1,000
Daniel Robert Watts	-	-	-
Lelen Kemke	-	-	-
Karen Chan	-	-	-
Umberto Mecchi	-	-	-
Priscilla Helen Mellado	-	-	-
Pui Yin (Jayden) Yu	-	3,500	3,500
Thanh (Daniel) Dat Nguyen	-	-	-

Dividends

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

	Cents per share	Total amount $
Final fully franked dividend	10.00	65,701

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 other 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, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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 managers of the company except where the liability arises out of conduct involving the lack of good faith.

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

Directors' meetings

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

E - eligible to attend   A - number attended

	Board Meetings	
	E	A
David Stewart Spong	11	11
Diane Elizabeth Fisher	11	11
Andrew Stephen Munroe	11	10
Peter John Enlund	11	11
Daniel Robert Watts	11	9
Pui Yin (Jayden) Yu	11	10
Lelen Kemke	11	11
Karen Chan	11	8
Thanh (Daniel) Dat Nguyen	6	5

Proceedings on behalf of the company

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

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

Non audit services

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

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 19.

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

David Stewart Spong, Chair

Dated this 27th day of September 2021

Auditor's independence declaration

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

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

As lead auditor for the audit of Whitehorse Community Enterprises Ltd 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: 27 September 2021

Adrian Downing
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337

Financial statements

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

	Notes	2021 $	2020 $
Revenue from contracts with customers	8	1,105,689	1,185,096
Other revenue	9	34,132	94,817
Finance income	10	12,448	6,033
Employee benefit expenses	11c)	(518,030)	(521,713)
Charitable donations, sponsorship, advertising and promotion		(193,900)	(139,603)
Occupancy and associated costs		(17,566)	(20,750)
Systems costs		(21,071)	(20,882)
Depreciation and amortisation expense	11a)	(69,657)	(66,838)
Finance costs	11b)	(8,836)	(10,821)
General administration expenses		(88,358)	(105,263)
Profit before income tax expense		**234,851**	**400,076**
Income tax expense	12a)	(55,058)	(95,799)
Profit after income tax expense		**179,793**	**304,277**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**179,793**	**304,277**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	29a)	27.37	46.31

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	1,321,381	1,212,292
Trade and other receivables	14a)	89,941	103,796
Total current assets		**1,411,322**	**1,316,088**
Non-current assets			
Property, plant and equipment	15a)	107,335	120,704
Right-of-use assets	16a)	120,976	159,975
Intangible assets	17a)	36,055	49,239
Deferred tax asset	18b)	14,413	14,599
Total non-current assets		**278,779**	**344,517**
Total assets		**1,690,101**	**1,660,605**
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	79,648	82,508
Current tax liabilities	18a)	38,370	76,573
Lease liabilities	20a)	43,756	40,014
Employee benefits	21a)	94,072	81,815
Total current liabilities		**255,846**	**280,910**
Non-current liabilities			
Trade and other payables	19b)	14,744	29,488
Lease liabilities	20b)	83,168	123,227
Employee benefits	21b)	5,639	10,368
Total non-current liabilities		**103,551**	**163,083**
Total liabilities		**359,397**	**443,993**
Net assets		**1,330,704**	**1,216,612**
EQUITY			
Issued capital	22a)	464,870	464,870
Retained earnings	23	865,834	751,742
Total equity		**1,330,704**	**1,216,612**

The accompanying notes form part of these financial statements.

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

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2019		464,870	513,166	978,036
Total comprehensive income for the year		-	304,277	304,277
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(65,701)	(65,701)
Balance at 30 June 2020		**464,870**	**751,742**	**1,216,612**
Balance at 1 July 2020		464,870	751,742	1,216,612
Total comprehensive income for the year		-	179,793	179,793
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	28a)	-	(65,701)	(65,701)
Balance at 30 June 2021		**464,870**	**865,834**	**1,330,704**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		1,264,230	1,389,335
Payments to suppliers and employees		(953,778)	(933,199)
Interest received		12,448	6,033
Interest paid		(51)	(12)
Lease payments (interest component)	11b)	(8,785)	(10,809)
Lease payments not included in the measurement of lease liabilities	11d)	(6,834)	(6,697)
Income taxes paid		(92,018)	(59,000)
Net cash provided by operating activities	**24**	**215,212**	**385,651**
Cash flows from investing activities			
Payments for property, plant and equipment		-	(9,550)
Payments for intangible assets		-	(13,404)
Net cash used in investing activities		**-**	**(22,954)**
Cash flows from financing activities			
Lease payments (principal component)		(40,422)	(36,963)
Dividends paid	28a)	(65,701)	(65,701)
Net cash used in financing activities		**(106,123)**	**(102,664)**
Net cash increase in cash held		**109,089**	**260,033**
Cash and cash equivalents at the beginning of the financial year		1,212,292	952,259
Cash and cash equivalents at the end of the financial year	**13**	**1,321,381**	**1,212,292**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2021

Note 1 Reporting entity

This is the financial report for Whitehorse Community Enterprises Ltd (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**
1/134 Canterbury Road Blackburn South VIC 3130	1/134 Canterbury Road Blackburn South VIC 3130

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, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 27 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:
- Interest paid by customers on loans less interest paid to customers on deposits
- plus any deposit returns i.e. interest return applied by Bendigo Bank for a deposit,
- minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

Margin (continued)

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.

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

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

b) Other revenue

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

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

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

Discretionary financial contributions

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

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

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

Cash flow boost

In response to the COVID-19 outbreak, *(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.

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.

Note 4 Summary of significant accounting policies (continued)

c) Economic dependency - Bendigo Bank (continued)

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.

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.

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.

e) Taxes

Current income tax

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

Deferred tax

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

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

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

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Note 4 Summary of significant accounting policies (continued)

e) Taxes (continued)

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line & diminishing value	5 to 40 years
Plant and equipment	Straight-line & diminishing value	4 to 40 years
Furniture, fixtures and fittings	Straight-line & diminishing value	6 to 9 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:

Asset class	Method	Useful life
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)
Furniture, fixtures and fittings	Straight-line & diminishing value	6 to 9 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.

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.

Note 4 Summary of significant accounting policies (continued)

j) Impairment (continued)

Non-derivative financial assets (continued)

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) Leases

As a lessee

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

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

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

Note	Judgement
- Note 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;

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

a) Judgements (continued)

Note	Judgement
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

b) Assumptions and estimation uncertainties

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

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

Note 6 Financial risk management

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

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

a) Credit risk

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

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

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.

Non-derivative financial liability		Contractual cash flows		
30 June 2021	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	137,999	50,181	87,818	-
Trade and other payables	94,392	79,648	14,744	-
	232,391	**129,829**	**102,562**	**-**

Non-derivative financial liability		Contractual cash flows		
30 June 2020	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	182,700	48,720	133,980	-
Trade and other payables	111,996	82,508	29,488	-
	294,696	**131,228**	**163,468**	**-**

Note 6 Financial risk management (continued)

c) Market risk

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

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

Price risk

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

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 $1,321,381 at 30 June 2021 (2020: $1,212,292). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

	2021 $	2020 $

Note 8 Revenue from contracts with customers

- Margin income	995,738	1,057,452
- Fee income	57,947	61,627
- Commission income	52,004	66,017
	1,105,689	**1,185,096**

Note 9 Other revenue

- Market development fund income	-	9,998
- Cash flow boost	34,132	56,886
- Other income	-	27,933
	34,132	**94,817**

Note 10 Finance income

- Term deposits	**12,448**	**6,033**

	2021 $	2020 $

Note 11 Expenses

	2021 $	2020 $
a) Depreciation and amortisation expense		
Depreciation of non-current assets:		
- Leasehold improvements	11,021	11,131
- Plant and equipment	2,305	2,217
- Furniture and fittings	43	78
	13,369	**13,426**
Amortisation of intangible assets:		
- Franchise fee	2,197	2,197
- Franchise renewal process fee	10,987	10,986
	13,184	**13,183**
Total depreciation and amortisation expense	**69,657**	**66,838**

b) Finance costs

	2021 $	2020 $
- Lease interest expense	8,785	10,809
- Other	51	12
	8,836	**10,821**

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	416,755	387,584
Contributions to defined contribution plans	41,652	33,683
Expenses related to long service leave	9,238	6,878
Other expenses	50,385	93,568
	518,030	**521,713**

d) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	**6,834**	**6,697**

Note 12 Income tax expense

	2021 $	2020 $
a) Amounts recognised in profit or loss		
Current tax expense		
- Current tax	54,871	106,608
- Movement in deferred tax	(390)	(11,651)
- Reduction in company tax rate	577	842
	55,058	**95,799**

b) Prima facie income tax reconciliation

	2021 $	2020 $
Operating profit before taxation	234,851	400,076
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	61,061	110,021
Tax effect of:		
- Non-deductible expenses	2,294	580
- Temporary differences	390	11,651
- Other assessable income	(8,874)	(15,644)
- Movement in deferred tax	(390)	(11,651)
- Adjustment to deferred tax to reflect reduction of tax rate in future periods		
	55,058	**95,799**

	2021 $	2020 $

Note 13 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	51,202	454,561
- Term deposits	1,270,179	757,731
	1,321,381	**1,212,292**

Note 14 Trade and other receivables

	2021 $	2020 $
a) Current assets		
Trade receivables	**89,941**	**103,796**

Note 15 Property, plant and equipment

	2021 $	2020 $
a) Carrying amounts		
Leasehold improvements		
At cost	239,596	239,596
Less: accumulated depreciation	(144,237)	(133,216)
	95,359	**106,380**
Plant and equipment		
At cost	54,856	54,856
Less: accumulated depreciation	(43,216)	(40,911)
	11,640	**13,945**
Furniture and fittings		
At cost	4,480	4,480
Less: accumulated depreciation	(4,144)	(4,101)
	336	**379**
Total written down amount	**107,335**	**120,704**
b) Reconciliation of carrying amounts		
Leasehold improvements		
Carrying amount at beginning	106,380	112,149
Additions	-	5,362
Depreciation	(11,021)	(11,131)
	95,359	**106,380**
Plant and equipment		
Carrying amount at beginning	13,945	11,974
Additions	-	4,188
Depreciation	(2,305)	(2,217)
	11,640	**13,945**
Furniture and fittings		
Carrying amount at beginning	379	457
Depreciation	(43)	(78)
	336	**379**
Total written down amount	**107,335**	**120,704**

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.

	2021 $	2020 $

Note 16 Right-of-use assets

	2021 $	2020 $
a) Carrying amounts		
Leased land and buildings		
At cost	204,309	200,204
Less: accumulated depreciation	(83,333)	(40,229)
Total written down amount	**120,976**	**159,975**

	2021 $	2020 $
b) Reconciliation of carrying amounts		
Leased land and buildings		
Carrying amount at beginning	159,975	-
Initial recognition on transition	-	195,064
Remeasurement adjustments	4,105	5,140
Depreciation	(43,104)	(40,229)
Total written down amount	**120,976**	**159,975**

Note 17 Intangible assets

	2021 $	2020 $
a) Carrying amounts		
Franchise fee		
At cost	93,917	93,917
Less: accumulated amortisation	(87,897)	(85,700)
	6,020	**8,217**
Franchise renewal process fee		
At cost	169,577	169,577
Less: accumulated amortisation	(139,542)	(128,555)
	30,035	**41,022**
Total written down amount	**36,055**	**49,239**

	2021 $	2020 $
b) Reconciliation of carrying amounts		
Franchise fee		
Carrying amount at beginning	8,217	10,414
Amortisation	(2,197)	(2,197)
	6,020	**8,217**
Franchise renewal process fee		
Carrying amount at beginning	41,022	52,008
Amortisation	(10,987)	(10,986)
	30,035	**41,022**
Total written down amount	**36,055**	**49,239**

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.

	2021 $	2020 $

Note 18 Tax assets and liabilities

	2021 $	2020 $
a) Current tax		
Income tax payable	**38,370**	**76,573**
b) Deferred tax		
Deferred tax assets		
- expense accruals	425	442
- employee provisions	24,928	28,935
- lease liability	31,731	42,443
Total deferred tax assets	**57,084**	**71,820**
Deferred tax liabilities		
- property, plant and equipment	12,427	15,627
- right-of-use assets	30,244	41,594
Total deferred tax liabilities	**42,671**	**57,221**
Net deferred tax assets (liabilities)	**14,413**	**14,599**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**186**	**10,808**

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.

	2021 $	2020 $
a) Current liabilities		
Trade creditors	30,751	23,672
Other creditors and accruals	48,897	58,836
	79,648	**82,508**
b) Non-current liabilities		
Other creditors and accruals	**14,744**	**29,488**

Note 20 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.79%.

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

The company's lease portfolio includes:

- Branch premises
  A 5 year renewal option was exercised in April 2019. The company has no renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is March 2024.

	2021 $	2020 $
a) Current lease liabilities		
Property lease liabilities	50,181	48,720
Unexpired interest	(6,425)	(8,706)
	43,756	**40,014**
b) Non-current lease liabilities		
Property lease liabilities	87,818	133,980
Unexpired interest	(4,650)	(10,753)
	83,168	**123,227**

	2021 $	2020 $
Note 20 Lease liabilities (continued)		
c) Reconciliation of lease liabilities		
Balance at the beginning	163,241	-
Initial recognition on AASB 16 transition	-	195,064
Remeasurement adjustments	4,105	5,140
Lease interest expense	8,785	10,809
Lease payments - total cash outflow	(49,207)	(47,772)
	126,924	**163,241**
d) Maturity analysis		
- Not later than 12 months	50,181	48,720
- Between 12 months and 5 years	87,818	133,980
Total undiscounted lease payments	**137,999**	**182,700**
Unexpired interest	(11,075)	(19,459)
Present value of lease liabilities	**126,924**	**163,241**

Note 21 Employee benefits

	2021 $	2020 $
a) Current liabilities		
Provision for annual leave	44,954	46,664
Provision for long service leave	49,118	35,151
	94,072	**81,815**
b) Non-current liabilities		
Provision for long service leave	**5,639**	**10,368**

c) Key judgement and assumptions

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

Note 22 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	657,010	657,010	657,010	657,010
Less: equity raising costs	-	(27,887)	-	(27,887)
Less: return of capital (2009)	-	(59,131)	-	(59,131)
Less: return of capital (2010)	-	(59,131)	-	(59,131)
Less: return of capital (2011)	-	(45,991)	-	(45,991)
	657,010	**464,870**	**657,010**	**464,870**

Note 22 Issued capital (continued)

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if any of the following applies:
- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		751,742	513,166
Net profit after tax from ordinary activities		179,793	304,277
Dividends provided for or paid	28a)	(65,701)	(65,701)
Balance at end of reporting period		**865,834**	**751,742**

	2021 $	2020 $

Note 24 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	179,793	304,277
Adjustments for:		
- Depreciation	56,473	53,655
- Amortisation	13,184	13,183
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	13,855	2,356
- (Increase)/decrease in other assets	187	(10,808)
- Increase/(decrease) in trade and other payables	(18,661)	(43,720)
- Increase/(decrease) in employee benefits	7,528	19,100
- Increase/(decrease) in tax liabilities	(37,147)	47,608
Net cash flows provided by operating activities	**215,212**	**385,651**

Note 25 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised cost. 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	51,202	454,561
Term deposits	13	1,270,179	757,731
Trade and other receivables	14	89,941	103,796
		1,411,322	**1,316,088**
Financial liabilities			
Trade and other payables	19	94,392	111,996
Lease liabilities	20	126,924	163,241
		221,316	**275,237**

Note 26 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	600	600
- General advisory services	5,770	3,085
- Share registry services	3,514	5,157
Total auditor's remuneration	**14,884**	**13,642**

Note 27 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

David Stewart Spong
Peter John Enlund
Karen Chan
Diane Elizabeth Fisher
Daniel Robert Watts
Pui Yin (Jayden) Yu
Andrew Stephen Munroe
Lelen Kemke
Thanh (Daniel) Dat Nguyen

	2021 $	2020 $

Note 27 Related parties (continued)

b) Key management personnel compensation

Key management personnel compensation comprised the following.		
Short-term employee benefits	19,910	22,166
Post-employment benefits	2,090	2,106
	22,000	**24,272**

Compensation of the company's key management personnel includes salaries and contributions to a post-employment defined contribution plan.

c) Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties

- Peter John Enlund provided the company with secretarial and board support services during the year. The total benefit received was:	11,904	12,912
Total transactions with related parties	**11,904**	**12,912**

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 cash flows and statement of changes in equity.

	30 June 2021		30 June 2020	
	Cents	$	Cents	$
Fully franked dividend	**10.00**	**65,701**	**10.00**	**65,701**

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

b) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	279,214	245,135
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	92,018	59,000
- Franking debits from the payment of franked distributions	(23,084)	(24,921)
Franking account balance at the end of the financial year	**348,148**	**279,214**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	39,425	76,573
Franking credits available for future reporting periods	**387,573**	**355,787**

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

Note 29 Earnings per share

a) Basic and diluted earnings per share

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

	2021 $	2020 $
Profit attributable to ordinary shareholders	179,793	304,277
	Number	Number
Weighted-average number of ordinary shares	657,010	657,010
	Cents	Cents
Basic and diluted earnings per share	27.37	46.31

Note 30 Commitments

The company has no 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.

Directors' declaration

In accordance with a resolution of the directors of Whitehorse Community Enterprises Ltd, 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.

David Stewart Spong
Chair

Dated this 27th day of September 2021

Independent audit report

AFS
Partners in success
Chartered Accountants

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Independent auditor's report to the Directors of Whitehorse Community Enterprises Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Whitehorse Community Enterprises Ltd'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 Whitehorse Community Enterprises Ltd, 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.

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2021

Adrian Downing
Lead Auditor

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