



# 2021 Annual Report

## **Willaura/Lake Bolac Financial Services Limited**

ABN 83 108 159 422

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# Chairman's report

For year ending 30 June 2021

It gives me great pleasure to present to you the Annual Report of Willaura/Lake Bolac Financial Services Limited, the franchise company of Community Bank Willaura and Lake Bolac – this is the seventeenth Annual Report. The Board wish to share with you an overview of our results of the 2020/21 financial year and our key highlights and challenges. For the second year in a row, we have been impacted by the pandemic, but more about that later.

For the 2020/21 year, income exceeds expenditure by \$44,260 before tax and \$34,298 after allowing for company tax. The corresponding amounts for the last financial year presented returns of \$71,596 before tax and \$57,537 after taxation.

The Board appointed Mr Jack Oswald as the new Branch Manager last September. Jack, who came from the Hamilton branch, has brought a refreshing and can do attitude to the branch. He has embarked on further training and recently achieved DLA 1 level which means Jack can lend up to \$500,000. This is a significant achievement in both lending education and capability, so congratulations Jack.

We also acknowledge the guidance and hard work of all our staff namely Simone McDonald, Jo Byron, Lia Slattery and Suzanne Neumann. Each has worked diligently and has built a level of trust and confidence with our customer base. The staff are continually undertaking training to provide a high-level service to our customers and this continues to reward our business.

The COVID-19 virus has affected our company, as it has all our customers, as well as the State and Commonwealth economies in general. We have tried hard to limit the impact on our customers. Despite the COVID-19 setback, our customers have remained loyal, and the staff has continued to write business. We thank the regional staff of Bendigo and Adelaide Bank Limited and Rural Bank for their help in this time.

In spite of the above, we have continued to support not-for-profit clubs and organisations, although to a lesser extent than previously.

We allocated \$33979.36 during 2020/21 to sponsorships and grants, of which \$26,568 came from our Community Enterprise Foundation™ account, which stands at a balance of \$51,473.85 for future projects.

Community groups supported during the year 2020/21:

Community contributions		\$
Wickliffe Recreation Reserve	Upgrade kitchen and bar (Announced late 2019)	15,000.00
Lake Bolac Information Centre	Town lights Christmas lights	500.00
Westmere Fire Brigades Group	Weatherlink live data loggers	2,633.00
Lake Bolac & District Bowling Club	Pairs competition	60.00
SM&W Rovers Football Netball Club	Sponsorship	1,500.00
Wickliffe/Lake Bolac Football Netball Club	Sponsorship	2,000.00
Moyston Willaura Football Netball Club	Sponsorship	2,000.00
Willaura Uniting Church	Walking aid and heater for community cafe	337.94
Lake Bolac & District Bowling Club	Rakes for greens keeping	337.94
Lake Bolac Golf Club	Flags and bins	337.94
Westmere Motorsports	Safety flags	337.94
Willaura Development Group	Big night out	1,000.00
Willaura Primary School	Active school and community fitness trail	1,500.00

## Chairman's report (continued)

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Community contributions		\$
Willaura and District Kindergarten	Learning environmental program	700.00
Wickliffe/Lake Bolac Football Netball Club	Oval lighting	4,235.00
Lake Bolac Music Club	Stage curtains	1,500.00

Currently our equity remains strong, earnings per share for the year ending June 2021 was 5.88 cents compared with earnings per share in 2019/20 at 9.87 cents. We are pleased to achieve this result in a year that all major banks including Bendigo and Adelaide Bank Limited have achieved good results. Our deposit book is very strong and we are working on our lending portfolio. We have a good pipeline of potential loans, which will strengthen our earnings. In saying that, we also welcome the long awaited appointment of Neil Ford, Neil is head of the Rural Bank team for our area, this puts us in a good position to achieve our goals. We look forward to all our rural clients meeting with Neil to service their needs. We have also assessed our cost structure and believe any further cost reduction would impact the service that is expected of our branch.

We are pleased to announce that we will pay a dividend of 3.5 cents per share, fully franked, to our loyal shareholders for the 2020/21 year.

I again thank Jason Chuck and the Bendigo and Adelaide Bank Limited staff for their support and guidance during the year. And finally, our Board. Our company is fortunate to have a very skills-based Board that freely give their time and are very determined to achieve high levels of banking in our communities and at the same time giving back to the community, and each member takes on roles suited to their ability and experience. Many meetings have had to be held via Zoom, due to the pandemic, but each member has persevered and contributed well.

All these actions should lead to a good future for our business. Banking is essential for our communities to prosper, we look forward to the continuing support of the community and that we can successfully look after their banking needs.



**Rowland Paterson**  
Chairman

# Manager's report

For year ending 30 June 2021

The community has faced yet another year of challenges stemmed from the COVID-19 pandemic. There has been continuous uncertainty going in and out of numerous lockdowns which we all have faced in various ways.

For myself coming on board as the new Branch Manager in September of 2020, the past 12 months has had its obstacles. With staff movements, the ongoing changes of COVID-19 restrictions and the current conditions in the industry has presented its challenges. I have been extremely proud of the way all our staff as 'essential service' workers have adjusted and adapted during this time to continually support our local community with a positive and outgoing attitude.

The 2020/21 financial year saw Lauren Givhan finish up with us at the bank to follow her passion in baking at the Willaura Bakery. We were all sad to see her go but she had our full support moving on to her next venture. Seeing Lauren leave presented an opportunity to welcome Suzanne Neumann back to the branch after she had returned to the area from two years living in South Australia. Lia Slattery also transitioned from casual to permanent, giving her even more of a chance to serve our customers and have a bubbly chat. Through the uncertainty of the past 12 months our customers have always been able to rely on us to be there when they needed us most for assistance, a chat, or a laugh.

Community Bank Willaura and Lake Bolac's performance has continued to grow throughout the year. Our branches' Deposits grew by \$11 million, whilst our Lending footings grew by \$1.2 million, including business written by our colleagues in Business Banking and at Rural Bank. The substantial decrease in interest rates has presented its difficulties in relation to earning an income for the branches, but despite this we still generated a profit, a very solid effort. We also hit a major milestone, as we reached \$100 million in footings. An amazing year. We also saw an opportunity to have a presence in Mortlake. With other financial institutions shutting regional branches, this opened the market up for our Community Bank to step in. I was able to visit the Mortlake Information Centre providing a location for anyone in Mortlake to come and discuss any of their banking queries. As foot traffic in branch has slowed due to the pandemic, we took to our Facebook page to reach out to our customers to keep them updated on all things banking as well as keeping them in the loop about our community, we would like to acknowledge and thank our followers for their constant support.

It has been difficult for us to participate in community events this year with the ever-changing restrictions, but we were still able to give back with community grants and donations, contributing to the Westmere Fire Brigades Group, Willaura & District Development Group, Lake Bolac Music Club, and Willaura Primary School just to name a few. We were also able to support clubs in the Mininera Football and Netball League with sponsorships to SM&W Rovers Football Netball Club, Wickliffe Lake Bolac Football Netball Club, Moyston Willaura Football Netball Club, Woorndoo Mortlake Football Netball Club and Tatyoon Football Netball Club. We congratulate all the teams in the league on battling through such an unpredictable season of multiple forced breaks through the year. All these funds were no doubt put to good use and further highlight how important our contribution is to the community.

I would like to say a massive thank you to our amazing, hard-working, and resilient staff of Simone McDonald, Jo Byron, Lia Slattery and Suzanne Neumann. Since I have been in the position as their Branch Manager they have continually developed in various areas across the bank. I have been incredibly fortunate to be welcomed so openly into their team, it has been such a seamless transition. The past year has truly flown by. They are all such enthusiastic staff who give their all to our customers always well above expectation. On behalf of myself and the community I deeply thank you.

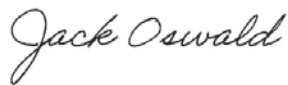
I would also like to thank the Directors of Willaura/Lake Bolac Financial Services Limited. Their guidance, support and advice throughout the year has been extremely appreciated. What we have achieved through this year is significant and I have been very lucky to have the help of such a great team of staff and Directors.

## Manager's report (continued)

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Finally, to our customers and shareholders. Without your support, we wouldn't be able to do what we do and give back to the community. I thank you for your support and encourage you to continue to support us moving into the future. Anyone you may know that you feel could benefit from our service, our Rural Bank product offerings or any other banking product including Home Loans, Equipment Finance, Insurance, Wealth advice, and more, send them our way – we are always more than happy to help.

My team and I hope to see you soon.

A handwritten signature in black ink that reads "Jack Oswald". The script is cursive and fluid.

**Jack Oswald**  
**Branch Manager**

# Bendigo and Adelaide Bank report

For year ending 30 June 2021

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

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

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


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

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

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

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

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



**Collin Brady**  
Head of Community Development



# Directors' report

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

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## Directors

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

Rowland Woolcock Paterson

Chairman

Occupation: Company Director

Qualifications, experience and expertise: Rowland is actively farming on the family farm and is an alternate Director of Commercial Radio Australia (CRA) and on the Regional Committee of CRA, is also a member of the Mininera CFA and the Willaura Hall Committee. Chairman and Owner of ACE Radio Broadcasters Pty Ltd. Dip Farm Manager: Glenormiston.

Special responsibilities: Marketing Committee

Interest in shares: 5,000 ordinary shares

Colin Robert McKenzie

Non-executive director

Qualifications, experience and expertise: Past chairman Willaura/ lake Bolac Financial Services, Chair Scots Uniting Church Lake Bolac, Chair Lake Bolac & District Historical Society. Life Member Lake Bolac Music Club, life member lake Bolac tennis Club. Past Chair Mininera Tennis Association. Past Councillor and Mayor Ararat Rural City Council. Involved in various sporting, cultural and community activities.

Special responsibilities: Chairman

Interest in shares: 15,001 ordinary shares

Lynette Joy Webster

Secretary

Occupation: Manager

Qualifications, experience and expertise: Diploma of Business (Accounting) - Swinburne Institute of Technology, Marketing Manager (Telecommunications), Centre Manager (Lake Bolac Information & Business Centre) - current. Local groups involved in; Lake Bolac Eel Festival, Wickliffe Lake Bolac FNC and Friends of Lake Buninjon.

Special responsibilities: Secretary/Treasurer, Business Development Committee

Interest in shares: nil share interest held

David Allan Hucker

Non-executive director

Occupation: Veterinary Consultant

Qualifications, experience and expertise: David Hucker is currently the principal of Para-Tech Veterinary Services (Vic) and a director of Murrewa Pty Ltd, a family farming and grazing company. David holds a Bachelor of Veterinary Science degree with honours and is a member by examination of the Australian and New Zealand College of Veterinary Science. He has served a term as the National President of the Australian Sheep Veterinarians, a special interest group of the Australian Veterinary Association, and for nine years was that organisations representative on the Australian Veterinary Association's Policy Advisory Council. For the past 26 years he has been a member of the Board of the Lake Bolac Bush Nursing Centre and has been President for the past 20 years. He has also been a keen tennis player and has held office at both club and association level.

Special responsibilities: Nil

Interest in shares: 3,000 ordinary shares

Jane Blackburn

Vice Chair

Occupation: Solicitor

Qualifications, experience and expertise: Senior Commercial Litigation and Employment lawyer, practicing for 10 years. Has a Bachelor of Law and Commerce. Involved in the local farming enterprise with family. Secretary of Lake Bolac & District Kindergarten.

Special responsibilities: Nil

Interest in shares: nil share interest held



# Directors' report (continued)

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## **Directors (continued)**

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Lisa Wills

Non-executive director

Occupation: Primary Production

Qualifications, experience and expertise: Corporate management, strategic planning and project delivery. President, Skipton Kindergarten Committee.

Special responsibilities: Nil

Interest in shares: nil share interest held

Andrea Virginia Armytage

Non-executive director

Occupation: Farmer

Qualifications, experience and expertise: Bachelor of Laws, past occupation Solicitor from 2005 to 2012. Current Secretary of Upper Hopkins Land Management Group.

Special responsibilities: Nil

Interest in shares: nil share interest held

Timothy McDougall

Non-executive director

Occupation: Economic Development - Ararat Rural City Council

Qualifications, experience and expertise: 3 Years Economic Development at Ararat Rural City Council, 5 Years - Tourism Industry – Ararat Rural City Council, 3 years - Pyrenees Newspapers Group in Graphic Design, Degree in Graphic Design and Multimedia.

Diploma of Business Management Player and community member of the Tatyoon Football and Netball Club Close connections to the community by attending Willaura Kindergarten and Maroona Primary School.

Special responsibilities: Nil

Interest in shares: nil share interest held

Emily May Anderson

Non-executive director

Occupation: Consultant - Community & Health

Qualifications, experience and expertise: Executive Officer - Grampians Pyrenees Primary Care Partnership, Climate Action Officer and Drought Recovery - North Grampians Shire Council, Manager - Project Platypus, Upper Wimmera Landcare, Secretary - Willaura Kindergarten, Member of the Willaura Primary School Council, Bachelor in Geoscience.

Special responsibilities: Nil

Interest in shares: nil share interest held

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

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

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## **Company Secretary**

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The company secretary is Lyn Webster. Lyn was appointed to the position of secretary on 13 December 2012.

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## **Principal activity**

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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.

# Directors' report (continued)

## 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
\$	\$
34,298	57,537

## Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Colin Robert McKenzie	15,001	-	15,001
Lynette Joy Webster	-	-	-
Rowland Woolcock Paterson	5,000	-	5,000
David Allan Hucker	3,000	-	3,000
Jane Blackburn	-	-	-
Lisa Wills	-	-	-
Andrea Virginia Armytage	-	-	-
Timothy McDougall	-	-	-
Emily May Anderson	-	-	-

## Dividends

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

	Cents per share	Total amount \$
Final fully franked dividend	5.00	29,146

## Significant changes in the state of affairs

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

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

## Events since the end of the financial year

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

## Likely developments

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

## Environmental regulation

The company is not subject to any significant environmental regulation.

## Directors' report (continued)

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### Directors' benefits

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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 28 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.

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### Indemnification and insurance of directors and officers

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

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

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### Directors' meetings

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

	Board Meetings	
	<i>Eligible</i>	<i>Attended</i>
Colin Robert McKenzie	12	11
Lynette Joy Webster	12	10
Rowland Woolcock Paterson	12	10
David Allan Hucker	12	10
Jane Blackburn	12	10
Lisa Wills	12	10
Andrea Virginia Armytage	12	5
Timothy McDougall	12	8
Emily May Anderson	3	3

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### Proceedings on behalf of the company

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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*.

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### Non audit services

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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 27 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.

## Directors' report (continued)

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### Auditor's independence declaration

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A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12.

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



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**Rowland Woolcock Paterson, Chairman**

Dated this 23rd 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 Willaura/Lake Bolac Financial Services Limited

As lead auditor for the audit of Willaura/Lake Bolac Financial Services Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 23 September 2021

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

**Adrian Downing**  
Lead Auditor



# Financial statements

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

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	384,170	417,194
Other revenue	9	57,620	57,626
Finance income	10	2,384	4,584
Employee benefit expenses	11c)	(221,137)	(219,586)
Charitable donations, sponsorship, advertising and promotion		(17,977)	(27,692)
Occupancy and associated costs		(8,244)	(10,264)
Systems costs		(30,087)	(30,180)
Depreciation and amortisation expense	11a)	(37,720)	(38,704)
Finance costs	11b)	(5,997)	(6,400)
General administration expenses		(78,752)	(74,982)
<b>Profit before income tax expense</b>		<b>44,260</b>	<b>71,596</b>
Income tax expense	12a)	(9,962)	(14,059)
<b>Profit after income tax expense</b>		<b>34,298</b>	<b>57,537</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>34,298</b>	<b>57,537</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- Basic and diluted earnings per share:	30a)	5.88	9.87

The accompanying notes form part of these financial statements

## Financial statements (continued)

### Statement of Financial Position

as at 30 June 2021

	Notes	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	411,872	418,174
Trade and other receivables	14a)	38,649	53,923
<b>Total current assets</b>		<b>450,521</b>	<b>472,097</b>
<b>Non-current assets</b>			
Property, plant and equipment	15a)	91,682	85,740
Right-of-use assets	16a)	74,014	82,896
Intangible assets	17a)	43,789	57,400
Deferred tax asset	18b)	5,148	5,807
<b>Total non-current assets</b>		<b>214,633</b>	<b>231,843</b>
<b>Total assets</b>		<b>665,154</b>	<b>703,940</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	19a)	35,123	59,341
Current tax liabilities	18a)	8,345	4,677
Lease liabilities	20a)	10,040	9,572
Employee benefits	22a)	16,392	14,556
<b>Total current liabilities</b>		<b>69,900</b>	<b>88,146</b>
<b>Non-current liabilities</b>			
Trade and other payables	19b)	30,161	45,242
Lease liabilities	20b)	90,309	100,348
Employee benefits	22b)	4,922	6,434
Provisions	21a)	20,144	19,204
<b>Total non-current liabilities</b>		<b>145,536</b>	<b>171,228</b>
<b>Total liabilities</b>		<b>215,436</b>	<b>259,374</b>
<b>Net assets</b>		<b>449,718</b>	<b>444,566</b>
<b>EQUITY</b>			
Issued capital	23a)	565,866	565,866
Accumulated losses	24	(116,148)	(121,300)
<b>Total equity</b>		<b>449,718</b>	<b>444,566</b>

The accompanying notes form part of these financial statements



## Financial statements (continued)

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

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2019</b>		565,866	(178,837)	387,029
Total comprehensive income for the year		-	57,537	57,537
<b>Balance at 30 June 2020</b>		<b>565,866</b>	<b>(121,300)</b>	<b>444,566</b>
<b>Balance at 1 July 2020</b>		565,866	(121,300)	444,566
Total comprehensive income for the year		-	34,298	34,298
<b>Transactions with owners in their capacity as owners:</b>				
Dividends provided for or paid	29	-	(29,146)	(29,146)
<b>Balance at 30 June 2021</b>		<b>565,866</b>	<b>(116,148)</b>	<b>449,718</b>

The accompanying notes form part of these financial statements

## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		483,901	513,655
Payments to suppliers and employees		(406,402)	(354,551)
Interest received		2,384	3,158
Lease payments (interest component)	11b)	(5,057)	(5,504)
Lease payments not included in the measurement of lease liabilities	11d)	(9,678)	(9,316)
Income taxes received/paid		(5,633)	4,684
<b>Net cash provided by operating activities</b>	25	<b>59,515</b>	<b>152,126</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(39,753)	-
Proceeds from sale of property, plant and equipment		26,364	-
Payments for intangible assets		(13,710)	(13,710)
<b>Net cash used in investing activities</b>		<b>(27,099)</b>	<b>(13,710)</b>
<b>Cash flows from financing activities</b>			
Lease payments (principal component)		(9,572)	(9,125)
Dividends paid	29a)	(29,146)	-
<b>Net cash used in financing activities</b>		<b>(38,718)</b>	<b>(9,125)</b>
<b>Net cash increase/(decrease) in cash held</b>		<b>(6,302)</b>	<b>129,291</b>
Cash and cash equivalents at the beginning of the financial year		418,174	288,883
<b>Cash and cash equivalents at the end of the financial year</b>	13	<b>411,872</b>	<b>418,174</b>

The accompanying notes form part of these financial statements

# Notes to the financial statements

For the year ended 30 June 2021

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## Note 1 Reporting entity

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

Registered Office	Principal Place of Business
70 Main Street Willaura VIC 3379	70 Main Street Willaura VIC 3379

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 28.

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## Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 23 September 2021.

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## Note 3 Changes in accounting policies, standards and interpretations

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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.

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## Note 4 Summary of significant accounting policies

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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.

## Notes to the financial statements (continued)

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

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

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

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

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

#### *Revenue calculation*

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

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

#### *Margin*

Margin is arrived at through the following calculation:

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

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

#### *Commission*

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

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

#### *Fee income*

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

#### *Core banking products*

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

## Notes to the financial statements (continued)

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

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

##### *Ability to change financial return*

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

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

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

#### b) Other revenue

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

<u>Revenue</u>	<u>Revenue recognition policy</u>
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

##### *Discretionary financial contributions*

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

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

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

##### *Cash flow boost*

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

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

## Notes to the financial statements (continued)

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

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#### c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

#### d) Employee benefits

##### *Short-term employee benefits*

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

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

##### *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.

# Notes to the financial statements (continued)

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

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### d) Employee benefits (continued)

#### *Other long-term employee benefits*

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

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

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

### e) Taxes

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

#### *Current income tax*

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

#### *Deferred tax*

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

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

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

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

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

#### *Goods and Services Tax*

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

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

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

### 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.



## Notes to the financial statements (continued)

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

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#### g) Property, plant and equipment

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>
Leasehold improvements	Straight-line	4 to 40 years
Plant and equipment	Straight-line	4 to 40 years
Motor vehicles	Straight-line	4 to 5 years

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

#### h) Intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

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

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

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

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

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

# Notes to the financial statements (continued)

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

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### 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, lease liabilities, cash and cash equivalents.

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.

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

#### *Non-financial assets*

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

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

### k) Issued capital

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

### l) Provisions

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

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

## Notes to the financial statements (continued)

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

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#### m) Leases

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

##### *As a lessee*

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

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

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.

## Notes to the financial statements (continued)

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

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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:

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

#### b) Assumptions and estimation uncertainties

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

<u>Note</u>	<u>Assumptions</u>
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 22 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;
- Note 21 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement.

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### Note 6 Financial risk management

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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.

#### 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.

## Notes to the financial statements (continued)

### Note 6 Financial risk management (continued)

#### b) Liquidity risk

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

##### Exposure to liquidity risk

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

30 June 2021

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	100,349	14,628	58,514	48,762
Trade and other payables	65,284	35,123	30,161	-
	<u>165,633</u>	<u>49,751</u>	<u>88,675</u>	<u>48,762</u>

30 June 2020

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Contractual cash flows</u>		
		<u>Not later than 12 months</u>	<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Lease liabilities	109,920	14,629	58,513	58,513
Trade and other payables	104,583	59,341	45,242	-
	<u>214,503</u>	<u>73,970</u>	<u>103,755</u>	<u>58,513</u>

#### 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.

##### 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 \$411,872 at 30 June 2021 (2020: \$418,174). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

## Notes to the financial statements (continued)

### Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

### Note 8 Revenue from contracts with customers

	2021	2020
	\$	\$
- Margin income	210,604	257,159
- Fee income	21,595	21,130
- Commission income	151,971	138,905
	<u>384,170</u>	<u>417,194</u>

### Note 9 Other revenue

	2021	2020
	\$	\$
- Market development fund income	31,875	35,417
- Cash flow boost	7,313	21,939
- Sale of property, plant and equipment	7,901	-
- Other income	10,531	270
	<u>57,620</u>	<u>57,626</u>

### Note 10 Finance income

	2021	2020
	\$	\$
- Term deposits	<u>2,384</u>	<u>4,584</u>

## Notes to the financial statements (continued)

### Note 11 Expenses

	2021 \$	2020 \$
<b>a) Depreciation and amortisation expense</b>		
<i>Depreciation of non-current assets:</i>		
- Leasehold improvements	4,532	4,495
- Plant and equipment	2,181	2,862
- Motor vehicles	8,514	8,854
	<u>15,227</u>	<u>16,211</u>
<i>Depreciation of right-of-use assets</i>		
- Leased land and buildings	<u>8,882</u>	<u>8,882</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,269	2,269
- Franchise renewal process fee	11,342	11,342
	<u>13,611</u>	<u>13,611</u>
Total depreciation and amortisation expense	<u>37,720</u>	<u>38,704</u>
<b>b) Finance costs</b>		
- Lease interest expense	5,057	5,504
- Unwinding of make-good provision	940	896
	<u>5,997</u>	<u>6,400</u>
Finance costs are recognised as expenses when incurred using the effective interest rate.		
<b>c) Employee benefit expenses</b>		
Wages and salaries	190,063	187,408
Non-cash benefits	6,000	6,000
Contributions to defined contribution plans	17,370	17,607
Expenses related to long service leave	(944)	3,053
Other expenses	8,648	5,518
	<u>221,137</u>	<u>219,586</u>
<b>d) Recognition exemption</b>		
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	<u>9,678</u>	<u>9,316</u>



## Notes to the financial statements (continued)

### Note 12 Income tax expense

a) Amounts recognised in profit or loss	2021 \$	2020 \$
<i>Current tax expense</i>		
- Current tax	9,301	10,575
- Movement in deferred tax	455	(9,384)
- Adjustment to deferred tax on AASB 16 retrospective application	-	12,533
- Reduction in company tax rate	206	335
	<u>9,962</u>	<u>14,059</u>
<b>b) <i>Prima facie</i> income tax reconciliation</b>		
Operating profit before taxation	44,260	71,596
Prima facie tax on profit from ordinary activities at 26% (2020: 27.5%)	11,508	19,689
Tax effect of:		
- Non-deductible expenses	148	69
- Temporary differences	(454)	(3,150)
- Other assessable income	(1,901)	(6,033)
- Movement in deferred tax	455	(9,384)
- Leases initial recognition	-	12,533
- Adjustment to deferred tax to reflect reduction of tax rate in future periods	206	335
	<u>9,962</u>	<u>14,059</u>

### Note 13 Cash and cash equivalents

	2021 \$	2020 \$
- Cash at bank and on hand	166,343	175,633
- Term deposits	245,529	242,541
	<u>411,872</u>	<u>418,174</u>

### Note 14 Trade and other receivables

a) Current assets	2021 \$	2020 \$
Trade receivables	32,155	40,249
Prepayments	4,830	6,025
Other receivables and accruals	1,664	7,649
	<u>38,649</u>	<u>53,923</u>

## Notes to the financial statements (continued)

### Note 15 Property, plant and equipment

a) Carrying amounts	2021 \$	2020 \$
<i>Leasehold improvements</i>		
At cost	123,015	118,160
Less: accumulated depreciation	(70,816)	(66,284)
	52,199	51,876
<i>Plant and equipment</i>		
At cost	78,525	78,525
Less: accumulated depreciation	(72,581)	(70,400)
	5,944	8,125
<i>Motor vehicles</i>		
At cost	34,897	44,149
Less: accumulated depreciation	(1,358)	(18,410)
	33,539	25,739
Total written down amount	91,682	85,740
<b>b) Reconciliation of carrying amounts</b>		
<i>Leasehold improvements</i>		
Carrying amount at beginning	51,876	56,371
Additions	4,855	-
Depreciation	(4,532)	(4,495)
	52,199	51,876
<i>Plant and equipment</i>		
Carrying amount at beginning	8,125	10,987
Depreciation	(2,181)	(2,862)
	5,944	8,125
<i>Motor vehicles</i>		
Carrying amount at beginning	25,739	34,593
Additions	34,897	-
Disposals	(18,583)	-
Depreciation	(8,514)	(8,854)
	33,539	25,739
Total written down amount	91,682	85,740

### 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.

## Notes to the financial statements (continued)

### Note 16 Right-of-use assets

a) Carrying amounts	2021 \$	2020 \$
<i>Leased land and buildings</i>		
At cost	222,043	222,043
Less: accumulated depreciation	(148,029)	(139,147)
Total written down amount	<u>74,014</u>	<u>82,896</u>
<b>b) Reconciliation of carrying amounts</b>		
<i>Leased land and buildings</i>		
Carrying amount at beginning	82,896	-
Initial recognition on transition	-	222,043
Accumulated depreciation on adoption	-	(130,265)
Depreciation	(8,882)	(8,882)
Total written down amount	<u>74,014</u>	<u>82,896</u>

### Note 17 Intangible assets

a) Carrying amounts	2021 \$	2020 \$
<i>Franchise fee</i>		
At cost	93,444	93,444
Less: accumulated amortisation	(86,146)	(83,877)
	<u>7,298</u>	<u>9,567</u>
<i>Franchise renewal process fee</i>		
At cost	167,220	167,220
Less: accumulated amortisation	(130,729)	(119,387)
	<u>36,491</u>	<u>47,833</u>
Total written down amount	<u>43,789</u>	<u>57,400</u>
<b>b) Reconciliation of carrying amounts</b>		
<i>Franchise fee</i>		
Carrying amount at beginning	9,567	11,836
Amortisation	(2,269)	(2,269)
	<u>7,298</u>	<u>9,567</u>
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	47,833	59,175
Amortisation	(11,342)	(11,342)
	<u>36,491</u>	<u>47,833</u>
Total written down amount	<u>43,789</u>	<u>57,400</u>

### c) Changes in estimates

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

## Notes to the financial statements (continued)

### Note 18 Tax assets and liabilities

a) Current tax	2021 \$	2020 \$
Income tax payable	8,345	4,677
<b>b) Deferred tax</b>		
<i>Deferred tax assets</i>		
- expense accruals	775	780
- employee provisions	5,329	5,457
- make-good provision	5,036	4,993
- lease liability	25,087	28,579
Total deferred tax assets	36,227	39,809
<i>Deferred tax liabilities</i>		
- income accruals	416	590
- property, plant and equipment	12,159	11,859
- right-of-use assets	18,504	21,553
Total deferred tax liabilities	31,079	34,002
Net deferred tax assets (liabilities)	5,148	5,807
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(659)	(3,485)
Movement in deferred tax charged to Statement of Changes in Equity	-	12,553

### Note 19 Trade creditors and other payables

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

a) Current liabilities	2021 \$	2020 \$
Trade creditors	6,178	42,123
Other creditors and accruals	28,945	17,218
	35,123	59,341
<b>b) Non-current liabilities</b>		
Other creditors and accruals	30,161	45,242

## Notes to the financial statements (continued)

### 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:

- Willaura Branch                      The lease agreement commenced in September 2019 for 5 years. The lease has 2 x 5 year options available. Due to the insignificant amounts involved in this lease it has not been recognised under AASB 16 and continues to be expensed through occupancy and associated costs annually when paid.
- Lake Bolac Branch                      The lease agreement commenced in November 2004. An extension option term of 10 years was exercised in November 2019. As such, the lease term end date used in the calculation of the lease liability is November 2029.

<b>a) Current lease liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Property lease liabilities	14,628	14,629
Unexpired interest	(4,588)	(5,057)
	<u>10,040</u>	<u>9,572</u>
 <b>b) Non-current lease liabilities</b>		
Property lease liabilities	107,276	121,903
Unexpired interest	(16,967)	(21,555)
	<u>90,309</u>	<u>100,348</u>
 <b>c) Reconciliation of lease liabilities</b>		
Balance at the beginning	109,920	-
Initial recognition on AASB 16 transition	-	119,045
Lease interest expense	5,057	5,504
Lease payments - total cash outflow	(14,628)	(14,629)
	<u>100,349</u>	<u>109,920</u>
 <b>d) Maturity analysis</b>		
- Not later than 12 months	14,628	14,629
- Between 12 months and 5 years	58,514	58,513
- Greater than 5 years	48,762	63,390
Total undiscounted lease payments	<u>121,904</u>	<u>136,532</u>
Unexpired interest	(21,555)	(26,612)
Present value of lease liabilities	<u>100,349</u>	<u>109,920</u>

## Notes to the financial statements (continued)

### Note 21 Provisions

a) Non-current liabilities	2021 \$	2020 \$
Make-good on leased premises	20,144	19,204

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision as at \$30,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 October 2029 at which time it is expected the face-value costs to restore the premises will fall due.

### Note 22 Employee benefits

a) Current liabilities	2021 \$	2020 \$
Provision for annual leave	11,783	10,515
Provision for long service leave	4,609	4,041
	<u>16,392</u>	<u>14,556</u>
b) Non-current liabilities		
Provision for long service leave	<u>4,922</u>	<u>6,434</u>

### 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 23 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	582,912	582,912	582,912	582,912
Less: equity raising costs	-	(17,046)	-	(17,046)
	<u>582,912</u>	<u>565,866</u>	<u>582,912</u>	<u>565,866</u>

### 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.

## Notes to the financial statements (continued)

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### Note 23 Issued capital (continued)

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

##### Ordinary shares (continued)

##### 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.

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### Note 24 Accumulated losses

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	Note	2021 \$	2020 \$
Balance at beginning of reporting period		(121,300)	(145,795)
Adjustment for transition to AASB 16		-	(33,042)
Net profit after tax from ordinary activities		34,298	57,537
Dividends provided for or paid	29a)	(29,146)	-
Balance at end of reporting period		<u>(116,148)</u>	<u>(121,300)</u>



## Notes to the financial statements (continued)

### Note 25 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	34,298	57,537
Adjustments for:		
- Depreciation	24,109	25,093
- Amortisation	13,611	13,611
- (Profit)/loss on disposal of non-current assets	(7,781)	-
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	15,274	4,710
- (Increase)/decrease in other assets	661	6,724
- Increase/(decrease) in trade and other payables	(25,589)	26,864
- Increase/(decrease) in employee benefits	324	4,669
- Increase/(decrease) in provisions	940	897
- Increase/(decrease) in tax liabilities	3,668	12,021
Net cash flows provided by operating activities	<u>59,515</u>	<u>152,126</u>

### Note 26 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 \$
<b>Financial assets</b>			
Cash and cash equivalents	13	166,343	175,633
Term deposits	13	245,529	242,541
Trade and other receivables	14	33,819	47,898
		<u>445,691</u>	<u>466,072</u>
<b>Financial liabilities</b>			
Trade and other payables	19	65,284	104,583
Lease liabilities	20	100,349	109,920
		<u>165,633</u>	<u>104,583</u>

### Note 27 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,600
<i>Non audit services</i>		
- Taxation advice and tax compliance services	545	600
- General advisory services	3,829	7,016
Total auditor's remuneration	<u>9,374</u>	<u>12,216</u>

## Notes to the financial statements (continued)

### Note 28 Related parties

#### a) Details of key management personnel

The directors of the company during the financial year were:

Colin Robert McKenzie  
 Lynette Joy Webster  
 Rowland Woolcock Paterson  
 David Allan Hucker  
 Jane Blackburn  
 Lisa Wills  
 Andrea Virginia Armytage  
 Timothy McDougall  
 Emily May Anderson

#### b) Key management personnel compensation

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

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

#### c) Related party transactions

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

	2021	2020
	\$	\$
<i>Transactions with related parties</i>		
- Rowland Paterson provided advertising on commercial radio during the year. The total benefit received was:	5,733	8,900
- Lake Bolac Information & Business Centre received payments for its rent and other services from Willaura/Lake Bolac FSL during the year. Lyn Webster is an employee of this not for profit association. Lyn receives no personal gain from these transactions. The total amount paid was:	14,629	14,629
Total transactions with related parties	<u>20,362</u>	<u>23,529</u>

### Note 29 Dividends provided for or paid

#### a) Dividends provided for and paid during the period

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

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	5.00	29,146	-	-

The tax rate at which dividends have been franked is 26%.

## Notes to the financial statements (continued)

### Note 29 Dividends provided for or paid (continued)

b) Franking account balance	2021 \$	2020 \$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	12,520	17,206
Franking transactions during the financial year:		
- Franking credits (debits) arising from annual income tax returns (refunded)	4,677	(10,584)
- Franking credits from the payment of income tax instalments during the financial year	956	5,898
- Franking debits from the payment of franked distributions	(10,240)	-
Franking account balance at the end of the financial year	<u>7,913</u>	<u>12,520</u>
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	8,345	4,677
Franking credits available for future reporting periods	<u>16,258</u>	<u>17,197</u>

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 30 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	<u>34,298</u>	<u>57,537</u>
	Number	Number
Weighted-average number of ordinary shares	<u>582,912</u>	<u>582,912</u>
	Cents	Cents
Basic and diluted earnings per share	<u>5.88</u>	<u>9.87</u>

## Notes to the financial statements (continued)

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### **Note 31 Commitments**

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

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### **Note 32 Contingencies**

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

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### **Note 33 Subsequent events**

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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 Willaura/Lake Bolac Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



---

**Rowland Woolcock Paterson, Chairman**

Dated this 23rd day of September 2021

# Independent audit report



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

## Independent auditor's report to the Directors of Willaura/Lake Bolac Financial Services Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Willaura/Lake Bolac Financial Services Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Willaura/Lake Bolac Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

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

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

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





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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: 23 September 2021

**Adrian Downing**  
Lead Auditor



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Search 'Willaura & Lake Bolac Community Bank Branches'

**Franchisee:**

Willaura/Lake Bolac Financial Services Limited

ABN: 83 108 159 422

70 Main Street, Willaura VIC 3379

(BNPAR21069) (10/21)