2021 Annual Report

WYDCOM Financial Services Limited

ABN 71 102 202 595

Community Bank · Woori Yallock & District

Contents

Chairman's report

For year ending 30 June 2021

Operating environment

As foreshadowed previously, the 2020/21 financial year was likely to be a period of continued challenge, not only for us at WYDCOM Financial Services Limited (WYDCOM), but for our staff, customers, shareholders and community.

As we look back, it feels as though we here in Victoria started the year in a COVID-19 induced lockdown and ended the year in much the same way. Additionally, interest rates have continued to inch lower and resulted in further contraction of the operating margins that directly determine WYDCOM revenue levels. As the immediate future continues to hold a high level of uncertainty, it would be easy to assume that nothing much has changed over the current reporting period.

Nothing could be further from the truth.

Focused on things within our ability to influence, management have adjusted branch operations to better align with customer preferences and behaviours. Team composition has been enhanced through upskilling, recruitment and customer focused specialisation. However, what proved to be the greatest buffer against uncertainty was the amazing resilience displayed in many aspects of our operating environment.

While in hindsight we shouldn't be surprised by this level of resilience, in the macro sense it was pleasing to see a resilient economy, housing market and government resolve. At the micro level, and without glossing over the hardship and difficulties experienced by many, our staff, customers and much of our community have demonstrated commendable resilience to carry on.

In the face of so much uncertainty, we appreciated the good level of understanding by WYDCOM shareholders when faced with the Board's very difficult decision to declare no dividend for the 2019/20 financial year. While prudent under then prevailing circumstances, we recognise that this measure would have disappointed, especially after a history of handsome returns. Our shareholders can be assured that the decision was not taken lightly and that overall shareholder value remains a key area of focus for the WYDCOM Board.

Financials

Net Profit After Tax increased by 56% to reach $102,243 ($65,455 last year).

Again, WYDCOM was the beneficiary of a tax-free Government 'Cash Flow Boost Payment' of $26,930. That takes the total amount received under this program to $71,813 and while it is non-recurring with no further payments anticipated, such Government support was certainly appreciated.

Falling interest rates saw continued downward pressure on net margins and flowed directly to core revenue which declined 8% to $677,460 ($738,302). Finance income also halved to $9,318 ($18,515) and while 'Other Revenue' seemed sound at $63,424, that item is not sustainable.

For the time being, we expect the revenue squeeze to continue, especially in the face of the hyper-competitiveness on display within our industry. We do, however, see opportunities for growth, and business volumes are a specific focus for the restructured team.

Arresting the fall in revenue may take time given competition and with many customers now opting for online/digital solutions rather than our traditional branch banking, personal service. Accordingly, we have taken the opportunity to trim expenses where possible and through resource redeployment, significant savings have been achieved in the major expense item of employment costs (down 22% to $390,654). These disciplined efforts have continued into the new financial year (including vacating of the admin office) and we continue to search for further efficiencies.

Community contributions

Continuing restrictions imposed as part of COVID-19 requirements meant that a number of traditional and planned community events were cancelled/postponed, some for the second year in a row. While this reduced community applications, full year charitable donations, sponsorships etc., still totaled $37,266.

Additionally, the WYDCOM Tertiary Scholarship Program continued, albeit at a reduced level. This year we awarded grants totaling $10,000 via the Community Enterprise Foundation™ (CEF) and overall, more than $47,000 was given back to the community and only made possible thanks to the ongoing support and loyalty of our customers.

The following table outlines our major contributions:

Education	
Don Valley P.S.	$3,340
Hoddles Creek P.S.	$3,100
Launching Place P.S.	$4,950
Woori Yallock P.S.	$6,710
Launching Place Pre-School	$5,500
Scholarship Program	$10,000

Sporting Clubs	
Woori Yallock Cricket Club	$12,053

Community Services	
Yarra Valley FM	$1,500

Outlook

Given the repositioning of branch activities and operation, as well as a very sound financial position, the Board has every confidence in the short-term prospects for our business. Medium to longer-term is where the more structural challenges lie for the industry and our branch.

As mentioned, we continue to witness considerable shifts away from traditional banking models. While home and personal lending have been under fire for some time, options for business lending, merchant services and credit cards are emerging at pace.

Under current franchising arrangements, WYDCOM only share in revenue as and when we perform a value adding role in servicing and meeting the needs of the customer and our Franchisor. As electronic/online/digital services evolve even further, the challenge for businesses like ours is to reinvent themselves in a way that moves with the times while still meeting the underlying primary purpose of community benefit and community service. This is our medium-term challenge and has shaped our strategic repositioning to date. Meanwhile, the Board continue to actively search for alternate means of value adding and how to achieve greater levels of efficiency and scale.

Appreciation

Amid COVID-19 challenges, driving change has fallen mostly to our branch team. At the same time, customer experience has been enhanced and performance goals exceeded.

We remain extremely grateful for the dedicated commitment of Branch Manager Vicky Senior in achieving these objectives. After five years at the helm, Vicky has elected to leave banking and she goes with an enviable track record which we are certain will position her for further greatness in the career of her choosing. Thank you so much Vicky.

Chairman's report (continued)

Someone else who has moved forward is Amanda Gibson who after 15 years service to our branch and our community, was enticed into Bendigo and Adelaide Bank Limited where her extensive skills and knowledge will be of huge benefit. Clearly a loss to our branch and our customers, it is hard to deny an amazing servant of our business the opportunity to grow into other aspects of banking. Thank you Amanda.

Of course the other side to these changes is that it opened up opportunities for progression within the team and the opportunity to inject further enthusiasm through recruitment. In particular, local identity Justin Hall has been appointed as our new Branch Manager. Justin brings exceptional skills in community service, team leadership and the delivery of tailored customer solutions. We welcome Justin and are excited by the potential this energized and refocused team offers our business and the broader community.

To our entire branch team and our many supporters at Bendigo Bank, we thank you enormously!

Personally, I take this opportunity to thank my fellow Board members for volunteering their time, their professionalism and their ongoing commitment to the work being done by WYDCOM and Community Bank Woori Yallock & District. As Directors, we were sorry to see Bernie Cole-Sinclair resign from the Board after many years of service to WYDCOM. His professional acumen was highly regarded along with his broad knowledge and insights about our community. We are grateful for his years of service and wish him well moving forward.

Finally, and the biggest thank you, to our customers. It is only by you choosing to trust us with your banking requirements that makes all of what we do possible. We know that when it comes to banking you have many choices. Thank you for choosing Community Bank Woori Yallock & District.

Michael Flower
Chair

Manager’s report

For year ending 30 June 2021

Thank you for the opportunity to present the Branch Manager’s report for the 2020/21 financial year.

My name is Justin Hall and I am proud to serve as the new Branch Manager of Community Bank Woori Yallock & District.

A bit about myself

I am a local in the Yarra Valley living within 15 minutes of the branch. Community involvement has always been a passion of mine, particularly through my participation as a volunteer in the CFA for the past 20+ years. My wife and I have three young children attending a local school, Scouts and other community groups.

My career to date has been focused on the efficient running of retail businesses such as Harvey Norman and Telstra. I am passionate about creating and driving successful businesses with a culture of customer focus, where staff are supported and equipped to be productive and efficient rather than simply busy.

The last 12 months

As a new Branch Manager and being new to the industry it has been a fantastic experience to be supported by the Board of WYDCOM Financial Services Limited – every member of our Board has been friendly and supportive in my transition into the industry, and I appreciate their influence in the community.

I would like to thank Mike Flower, our Chair who has provided a very much appreciated support role in my induction. Mike’s focus on business success along with staff wellbeing during these challenging times has been a great support.

As I reflect over the last 12 months, it’s clear that we owe appreciation to Vicky and Amanda who invested so much in building Community Bank Woori Yallock & District to what it is today, as well as positioning us with solid footings for further growth.

As Vicky and Amanda departed in the first quarter of this calendar year, the branch lost a large percentage of its experience in a very short period. I would like to thank Ashleigh, Amber, Lauren, Ingrid, and Evelyn who over this very difficult period stepped up to the plate, each member of the team taking on roles and responsibilities above and beyond their position descriptions required for the day-to-day operations.

On behalf of our branch team, I would also like to thank our customers and shareholders for your support and commitment over the last 12 months. We are inspired to continue to serve you and the community to the highest of standards with our touch of personal and friendly service.

The next 12 months

As we begin to move out of a lockdown environment the team are excited to build our relationships in the local community and actively deliver our message of feeding into the prosperity of our community.

Over the next 12 months I hope for the opportunity to re-engage our community through community events and building referral relationships.

I ask that all Board members, shareholders, and customers actively promote Community Bank Woori Yallock & District to family and friends to encourage them to ask about how we may serve their banking needs and so we may show the advantages of local community banking.

Over the next 12 months our focus will be on building our loan book through community engagement and proactively offering our banking services to our local community.

I would like to personally thank our shareholders, the Board, our branch team and broader community for their support over the last 12 months which has been challenging for all of us.

Justin Hall
Branch Manager

Directors' report

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

Directors

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

Michael Norman Flower
Chair
Occupation: Business Consultant
Qualifications, experience and expertise: Mike is a versatile and experienced professional with business acumen and commercial judgement gained from executive roles in banking, finance and professional services. Mike is a FINSIA Fellow, an AICD graduate and a certified member of the Governance Institute of Australia.
Special responsibilities: Marketing & Community Contributions Committee and Executive, Audit & HR Committee
Interest in shares: nil share interest held

Peter James Cownley
Non-executive director
Occupation: Retired Civil Engineer
Qualifications, experience and expertise: Peter is a certified civil engineer and holds a Diploma of Civil Engineering and a Post Graduate Diploma Municipal Engineer. Peter previously held a position of Western Area Commissioner Melbourne Metropolitan Board of Works and Board member. Peter has volunteered as secretary of Woori Yallock Junior Football Club, member of Kiwanis Club of Port Phillip and is the founding and current Chair of the WHYLD Community Group.
Special responsibilities: Executive, Audit & Human Resources Committee
Interest in shares: 1,000 ordinary shares

Lynette Joy Collier
Secretary
Occupation: Retired
Qualifications, experience and expertise: Lyn has completed a Bachelor of Education Degree and a Graduate Diploma in Education Administration. Lyn has over 40 years experience in education and is also a volunteer in various community groups.
Special responsibilities: Executive, Audit & Human Resources Committee
Interest in shares: 5,500 ordinary shares

John Robert Morton
Non-executive director
Occupation: Retired
Qualifications, experience and expertise: John has experience as a Meat Export executive, current committee member Woori Yallock Football and Netball Club, former President of Yarra Valley Cricket Association, former President Chestnuts Australia, former Chairman Hoddles Creek Primary School Committee.
Special responsibilities: Marketing & Community Contributions Committee
Interest in shares: 5,000 ordinary shares

Daryl John Dixon
Non-executive director
Occupation: Director, Department of Justice and Community Safety.
Qualifications, experience and expertise: Daryl has been a Program Director within the IT sector for over 30 years, having worked the Government, Finance Sector, Transport and Logistic & Utility Industries. Daryl has actively participated in the community be that on school councils or advisory boards raising funds for improvements or infrastructure.
Special responsibilities: None at this time
Interest in shares: nil share interest held

Directors *(continued)*

James Gerald Digby
Non-executive director
Occupation: Business Consultant
Qualifications, experience and expertise: James has extensive experience as a General Manager and CFO in commercial and for purpose organisations for more than 20 years. He has volunteered in Australia and overseas to improve financial and operational outcomes in for purpose organisations. He holds FCPA, MBA, Graduate Diploma Community and International Dev, B. Bus. James is a director of Wellways Australia Ltd.
Special responsibilities: Risk, Governance & Audit Committee
Interest in shares: nil share interest held

Bernard John Cole-Sinclair
Non-executive director (resigned 1 February 2021)
Occupation: Accountant
Qualifications, experience and expertise: Bernie holds a Diploma in Business Studies (Accounting) and is a Fellow member of the TIA and NTAA. Bernie is also a registered tax agent and has operated his own practice for over 25 years in the Yarra Valley. Bernie is member of the Hoddles Creek Fire Brigade, the local cricket club and primary school as well as being a trustee for the Beenak Cemetery Trust.
Special responsibilities: Marketing & Community Contributions Committee
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.

Company Secretary

The company secretary is Lynette Collier. Lynette was appointed to the position of secretary on 28 August, 2017.

Principal activity

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

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

Operating results

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

Year ended 30 June 2021 $	Year ended 30 June 2020 $
102,243	65,455

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Michael Norman Flower	-	-	-
Peter James Cownley	1,000	-	1,000
Lynette Joy Collier	5,500	-	5,500
John Robert Morton	5,000	-	5,000
Daryl John Dixon	-	-	-
James Gerald Digby	-	-	-
Bernard John Cole-Sinclair	-	-	-

Dividends

No dividends were declared or paid for the financial year ending 30 June 2021.

Significant changes in the state of affairs

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

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings		Committee Meetings					
			Marketing & Community Contributions		Risk, Governance & Audit		Executive, Audit & HR	
E - eligible to attend *A - number attended*	E	A	E	A	E	A	E	A
Michael Norman Flower	11	11	4	4	-	-	9	9
Peter James Cownley	11	10	-	-	-	-	-	-
Lynette Joy Collier	11	11	-	-	-	-	9	9
John Robert Morton	11	10	4	4	-	-	-	-
Daryl John Dixon	11	11	-	-	-	-	-	-
James Gerald Digby	11	10	-	-	-	-	-	-
Bernard John Cole-Sinclair	6	6	2	2	-	-	-	-

Proceedings on behalf of the company

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

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

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in note 27.

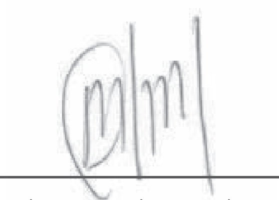
The board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Risk, Governance & Audit Committee, is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Auditor's independence declaration

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

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



Michael Norman Flower , Chair

Dated this 15th day of September 2021

Auditor's independence declaration

AFS
Partners in success
Chartered Accountants

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 WYDCOM Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 15 September 2021

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	677,460	738,302
Other revenue	9	63,424	69,883
Finance income	10	9,318	18,515
Employee benefit expenses	11c)	(390,654)	(497,970)
Charitable donations, sponsorship, advertising and promotion		(37,266)	(72,543)
Occupancy and associated costs		(28,626)	(30,410)
Systems costs		(19,460)	(19,423)
Depreciation and amortisation expense	11a)	(52,722)	(47,676)
Finance costs	11b)	(10,581)	(9,980)
General administration expenses		(81,130)	(73,186)
Profit before income tax expense		129,763	75,512
Income tax expense	12a)	(27,520)	(10,057)
Profit after income tax expense		102,243	65,455
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		102,243	65,455
Earnings per share		¢	¢
- Basic and diluted earnings per share:	30a)	19.29	12.35

The accompanying notes form part of these financial statements

Statement of Financial Position
as at 30 June 2021

	Notes	2021 $	2020 $
ASSETS			
Current assets			
Cash and cash equivalents	13	1,377,872	1,300,193
Trade and other receivables	14a)	68,011	78,038
Total current assets		1,445,883	1,378,231
Non-current assets			
Property, plant and equipment	15a)	43,195	50,853
Right-of-use assets	16a)	115,373	185,267
Intangible assets	17a)	29,199	42,421
Deferred tax asset	18b)	14,404	28,320
Total non-current assets		202,171	306,861
Total assets		1,648,054	1,685,092
LIABILITIES			
Current liabilities			
Trade and other payables	19a)	62,932	71,240
Current tax liabilities	18a)	-	7,120
Lease liabilities	20a)	16,114	26,318
Employee benefits	22a)	9,687	36,384
Total current liabilities		88,733	141,062
Non-current liabilities			
Trade and other payables	19b)	15,633	31,267
Lease liabilites	20b)	110,585	166,191
Employee benefits	22b)	7,815	12,483
Provisions	21a)	26,318	37,362
Total non-current liabilities		160,351	247,303
Total liabilities		249,084	388,365
Net assets		1,398,970	1,296,727
EQUITY			
Issued capital	23a)	512,969	512,969
Retained earnings	24	886,001	783,758
Total equity		1,398,970	1,296,727

The accompanying notes form part of these financial statements

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

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2019		512,969	744,803	1,257,772
Total comprehensive income for the year		-	65,455	65,455
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	(26,500)	(26,500)
Balance at 30 June 2020		512,969	783,758	1,296,727
Balance at 1 July 2020		512,969	783,758	1,296,727
Total comprehensive income for the year		-	102,243	102,243
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	29a)	-	-	-
Balance at 30 June 2021		512,969	886,001	1,398,970

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers		810,858	898,090
Payments to suppliers and employees		(669,473)	(765,861)
Interest received		12,458	21,947
Lease payments (interest component)	11b)	(8,752)	(9,980)
Lease payments not included in the measurement of lease liabilities	11d)	(6,829)	(6,447)
Income taxes paid		(20,724)	(2,142)
Net cash provided by operating activities	25	117,538	135,607
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,096)
Payments for intangible assets		(13,222)	(13,222)
Net cash used in investing activities		(13,222)	(14,318)
Cash flows from financing activities			
Lease payments (principal component)		(26,637)	(27,169)
Dividends paid	29a)	-	(26,500)
Net cash used in financing activities		(26,637)	(53,669)
Net cash increase in cash held		77,679	67,620
Cash and cash equivalents at the beginning of the financial year		1,300,193	1,232,573
Cash and cash equivalents at the end of the financial year	13	1,377,872	1,300,193

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2021

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
Shop 13 1585 Warburton Highway Woori Yallock VIC 3139	Shop 13 1585 Warburton Highway Woori Yallock VIC 3139

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.

Note 2 Basis of preparation and statement of compliance

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 15 September 2021.

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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:

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

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

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

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

Core banking products

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

Ability to change financial return

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

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

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

b) Other revenue

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

Revenue	Revenue recognition policy
Gain on disposal of right-of-use asset.	Revenue from the disposal of right-of-use asset is recognised due to remeasurement of the Shop 9 lease. The gain is equal to the difference in the right-of-use asset and lease liability upon the remeasurement.
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).

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

Discretionary financial contributions

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

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

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

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

b) Other revenue *(continued)*

Cash flow boost

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

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

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

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.

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

d) Employee benefits

Short-term employee benefits

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

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

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

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.

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

e) Taxes *(continued)*

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	5 to 15 years
Plant and equipment	Straight-line	2.5 to 40 years

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

h) Intangible assets

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

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

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

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

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

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

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

i) Financial instruments

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

Most of 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.

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

l) Provisions

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

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

m) Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

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

a) Judgements

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

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

b) Assumptions and estimation uncertainties

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

Note	Assumptions
- Note 18 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 15 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 22 - long service leave provision	key assumptions on attrition rate and pay increases though 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.

Note 6 Financial risk management

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

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

Note 6 Financial risk management *(continued)*

a) Credit risk

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

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

b) Liquidity risk

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

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2021

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	126,699	22,144	81,396	47,181
Trade and other payables	78,565	62,932	15,633	-
	205,264	85,076	97,029	47,181

30 June 2020

		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	192,509	35,070	125,194	68,149
Trade and other payables	102,507	71,240	31,267	-
	295,016	106,310	156,461	68,149

c) Market risk

Market risk

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

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

Price risk

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

Note 6 Financial risk management *(continued)*

c) Market risk *(continued)*

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $1,377,872 at 30 June 2021 (2020: $1,300,193). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 8 Revenue from contracts with customers

	2021 $	2020 $
- Margin income	575,813	628,084
- Fee income	61,095	70,886
- Commission income	40,552	39,332
	677,460	738,302

Note 9 Other revenue

	2021 $	2020 $
- Market development fund income	22,500	25,000
- Cash flow boost	26,930	44,883
- Gain on disposal of right-of-use asset	13,994	-
	63,424	69,883

Note 10 Finance income

	2021 $	2020 $
- Term deposits	9,318	18,515

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

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	5,737	5,728
- Plant and equipment	1,921	5,199
	7,658	10,927
Depreciation of right-of-use assets		
- Leased land and buildings	31,842	23,526
	31,842	23,526
Amortisation of intangible assets:		
- Franchise fee	2,204	2,204
- Franchise renewal process fee	11,018	11,019
	13,222	13,223
Total depreciation and amortisation expense	52,722	47,676

b) Finance costs

	2021 $	2020 $
- Lease interest expense	8,752	9,980
- Unwinding of make-good provision	1,829	-
	10,581	9,980

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	354,201	423,590
Contributions to defined contribution plans	32,652	53,490
Expenses related to long service leave	(3,634)	5,251
Other expenses	7,435	15,639
	390,654	497,970

Note 11 Expenses *(continued)*

d) Recognition exemption

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

	2021 $	2020 $
Expenses relating to low-value leases	6,829	6,447

Note 12 Income tax expense

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax expense		
- Current tax	13,604	19,188
- Movement in deferred tax	13,340	(24,033)
- Adjustment to deferred tax on AASB 16 retrospective application	-	13,268
- Adjustment to deferred tax to reflect reduction in tax rate in future periods	576	1,634
	27,520	10,057

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating profit before taxation	129,763	75,512
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	33,738	20,766
Tax effect of:		
- Non-deductible expenses	208	-
- Temporary differences	(13,340)	10,765
- Other assessable income	(7,002)	(12,343)
- Movement in deferred tax	13,340	(24,033)
- Leases initial recognition	-	13,268
- Reduction in company tax rate	576	1,634
	27,520	10,057

Note 13 Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	164,322	99,101
- Term deposits	1,213,550	1,201,092
	1,377,872	1,300,193

Note 14 Trade and other receivables

a) Current assets	2021 $	2020 $
Trade receivables	56,924	56,869
Prepayments	9,343	6,228
Other receivables and accruals	1,744	14,941
	68,011	78,038

Note 15 Property, plant and equipment

a) Carrying amounts	2021 $	2020 $
Leasehold improvements		
At cost	122,322	122,322
Less: accumulated depreciation	(93,907)	(88,170)
	28,415	34,152
Plant and equipment		
At cost	115,592	115,592
Less: accumulated depreciation	(100,812)	(98,891)
	14,780	16,701
Total written down amount	43,195	50,853

b) Reconciliation of carrying amounts

Leasehold improvements		
Carrying amount at beginning	34,152	39,880
Depreciation	(5,737)	(5,728)
	28,415	34,152
Plant and equipment		
Carrying amount at beginning	16,701	20,804
Additions	-	1,096
Depreciation	(1,921)	(5,199)
	14,780	16,701
Total written down amount	43,195	50,853

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.

Note 16 Right-of-use assets

a) Carrying amounts	2021 $	2020 $
Leased land and buildings		
At cost	347,903	385,955
Less: accumulated depreciation	(232,530)	(200,688)
	115,373	185,267

b) Reconciliation of carrying amounts

Leased land and buildings		
Carrying amount at beginning	185,267	-
Initial recognition on transition	-	348,593
Accumulated depreciation on adoption	-	(177,162)
Remeasurement adjustments	(38,052)	37,362
Depreciation	(31,842)	(23,526)
Total written down amount	115,373	185,267

Note 17 Intangible assets

a) Carrying amounts	2021 $	2020 $
Franchise fee		
At cost	82,471	82,471
Less: accumulated amortisation	(77,605)	(75,401)
	4,866	7,070
Franchise renewal process fee		
At cost	147,808	147,808
Less: accumulated amortisation	(123,475)	(112,457)
	24,333	35,351
Total written down amount	29,199	42,421

b) Reconciliation of carrying amounts

Franchise fee		
Carrying amount at beginning	7,070	9,274
Amortisation	(2,204)	(2,204)
	4,866	7,070

Note 17 Intangible assets *(continued)*

b) Reconciliation of carrying amounts *(continued)*	2021 $	2020 $
Franchise renewal process fee		
Carrying amount at beginning	35,351	46,370
Amortisation	(11,018)	(11,019)
	24,333	35,351
Total written down amount	29,199	42,421

c) Changes in estimates

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

Note 18 Tax assets and liabilities

a) Current tax	2021 $	2020 $
Income tax payable	-	7,120

b) Deferred tax

	2021 $	2020 $
Deferred tax assets		
- expense accruals	750	1,040
- employee provisions	4,376	16,637
- make-good provision	6,580	9,714
- lease liability	31,675	50,053
Total deferred tax assets	43,381	77,444
Deferred tax liabilities		
- income accruals	134	955
- right-of-use assets	28,843	48,169
Total deferred tax liabilities	28,977	49,124
Net deferred tax assets (liabilities)	14,404	28,320
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	13,916	9,132
Movement in deferred tax charged to Statement of Changes in Equity	-	13,268

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	2,179	259
Other creditors and accruals	60,753	70,981
	62,932	71,240

b) Non-current liabilities		
Other creditors and accruals	15,633	31,267

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%. Subsequent lease arrangements entered into were discounted at 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.

Lease portfolio

The company's lease portfolio includes:

- Shop 13 — The lease agreement commenced in October 2008. An extension option term of ten years was exercised in October 2013. The company has a five year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is October 2028.
- Shop 9 — The lease agreement was a non-cancellable lease with an initial term of three years which commenced in August 2015. The lease finished on 13 August 2021.

a) Current lease liabilities	2021 $	2020 $
Property lease liabilities	22,144	35,070
Unexpired interest	(6,030)	(8,752)
	16,114	26,318

Note 20 Lease liabilities *(continued)*

b) Non-current lease liabilities	2021 $	2020 $
Property lease liabilities	128,577	193,343
Unexpired interest	(17,992)	(27,152)
	110,585	166,191

c) Reconciliation of lease liabilities

Lease liabilities on transition

	2021 $	2020 $
Balance at the beginning (finance lease liabilities)	192,509	-
Initial recognition on AASB 16 transition	-	219,678
Remeasurement adjustments	(39,173)	-
Lease interest expense	8,752	9,980
Lease payments - total cash outflow	(35,389)	(37,149)
	126,699	192,509

d) Maturity analysis

	2021 $	2020 $
- Not later than 12 months	22,144	35,070
- Between 12 months and 5 years	81,396	125,194
- Greater than 5 years	47,181	68,149
Total undiscounted lease payments	150,721	228,413
Unexpired interest	(24,022)	(35,904)
Present value of lease liabilities	126,699	192,509

Note 21 Provisions

a) Non-current liabilities	2021 $	2020 $
Make-good on leased premises	26,318	37,362

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision as at $37,220 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. Shop 13 lease is due to expire 30 September 2028, at which time it is expected the face-value costs to restore the premises will fall due. The closing write down value of the make-good provision decreased to $26,318 due to Shop 9 lease winding up. The make-good provision for Shop 9 lease was not required to be paid.

Lease	Lease term expiry date per AASB 16
Shop 13	30 September 2028

Note 22 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	8,164	19,437
Provision for long service leave	1,523	16,947
	9,687	36,384

b) Non-current liabilities

Provision for long service leave	7,815	12,483

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	530,000	530,000	530,000	530,000
Less: equity raising costs	-	(17,031)	-	(17,031)
	530,000	512,969	530,000	512,969

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Note 23 Issued capital *(continued)*

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

Ordinary shares (continued)

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

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

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

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

Note 24 Retained earnings

	Note	2021 $	2020 $
Balance at beginning of reporting period		783,758	779,782
Adjustment for transition to AASB 16		-	(34,979)
Net profit after tax from ordinary activities		102,243	65,455
Dividends provided for or paid	29a)	-	(26,500)
Balance at end of reporting period		886,001	783,758

Note 25 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net profit after tax from ordinary activities	102,243	65,455
Adjustments for:		
- Depreciation	39,500	34,453
- Amortisation	13,222	13,223
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	10,027	7,965
- (Increase)/decrease in other assets	13,916	(36,258)
- Increase/(decrease) in trade and other payables	(24,714)	(11,739)
- Increase/(decrease) in employee benefits	(31,365)	18,026
- Increase/(decrease) in provisions	1,829	37,362
- Increase/(decrease) in tax liabilities	(7,120)	7,120
Net cash flows provided by operating activities	117,538	135,607

Note 26 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2021 $	2020 $
Financial assets			
Cash and cash equivalents	13	164,322	99,101
Term deposits	13	1,213,550	1,201,092
Trade and other receivables	14	58,668	71,810
		1,377,872	1,300,193
Financial liabilities			
Trade and other payables	19	78,565	102,507
Lease liabilities	20	126,699	192,509
		205,264	295,016

Note 27 Auditor's remuneration

	2021	2020
Amount received or due and receivable by the auditor of the company for the financial year.	$	$
Audit and review services		
- Audit and review of financial statements	5,000	4,800

Note 27 Auditor's remuneration *(continued)*

Non audit services	2021 $	2020 $
- General advisory services	2,330	3,065
- Share registry services	2,400	4,566
Total auditor's remuneration	9,730	12,431

Note 28 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Michael Norman Flower
Peter James Cownley
Lynette Joy Collier
John Robert Morton
Daryl John Dixon
James Gerald Digby
Bernard John Cole-Sinclair

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.

Transactions with related parties	2021 $	2020 $
- Caber Accounting & Taxation Services has during the year provided accounting and taxation services to the company. Bernard Cole-Sinclair is the principal in this organisation.	9,125	8,250

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	26,500

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

b) Franking account balance

	2021	2020
	$	$
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	384,424	389,490
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	14,902	16,210
- Franking credits(debits) from the payment/(refund) of income tax following lodgement of annual income tax return	7,120	(11,224)
- Franking debits from the payment of fully franked dividends	-	(10,052)
Franking account balance at the end of the financial year	406,446	384,424
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	-	8,418
Franking credits available for future reporting periods	406,446	392,842

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	102,243	65,455
	Number	Number
Weighted-average number of ordinary shares	530,000	530,000
	Cents	Cents
Basic and diluted earnings per share	19.29	12.35

Note 31 Commitments

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

Note 32 Contingencies

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

Note 33 Subsequent events

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

Directors' declaration

In accordance with a resolution of the directors of WYDCOM 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

Chair

(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.

Michael Norman Flower , Chair

Dated this 15th 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 WYDCOM Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WYDCOM 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 WYDCOM 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.

AFS
Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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.

Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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: 15 September 2021

Adrian Downing
Lead Auditor

Community Bank · Woori Yallock & District
Shop 13, The Centre, 1585 Warburton Highway, Woori Yallock VIC 3139
Phone: 03 5961 5644 Fax: 03 5961 5493
Email: wooriyallock@bendigoadelaide.com.au
Web: bendigobank.com.au/woori-yallock

/communitybankwooriyallockdistrict

Franchisee:
WYDCOM Financial Services Limited
ABN: 71 102 202 595
Shop 13, The Centre, 1585 Warburton Highway, Woori Yallock VIC 3139

(BNPAR21058) (09/21)
This Annual Report has been printed on 100% Recycled Paper

Bendigo Bank

bendigobank.com.au