
York & Districts

Community Financial Services Limited

ABN: 85 099 104 079

Financial Report

For the year ended

30 June 2021

York & Districts Community Financial Services Limited

Directors' Report

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

Directors

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

Diane Robertson Smith

Chair

Occupation: Training Consultant

Qualifications, experience and expertise: Currently a principal of Robertson-Smith Consulting. Professional qualifications include Bachelor of Arts (Curtin University) and Diploma of Education. Over 30 years experience as business owner, Specialist facilitator, training and coach in leadership and management development. Has worked with several major mining and manufacturing companies. Previous Board roles include Vice Chair of Port Pirie Regional Hospital. Volunteer at Fremantle Sailing Club.

Special responsibilities: Chair, Financial Committee, Sponsorship, Marketing and Advertising Committee and Human Resources Coordinator

Interest in shares: nil share interest held

Joanne Allen

Non-executive director

Occupation: Education Assistant/Farmer

Qualifications, experience and expertise: Born and raised in York. Partner in 3rd generation farm. 16 years experience as a Pharmacy Assistant. Certificate 3 in Education Assistant. Currently employed at York District High School.

Special responsibilities: Company Secretary, Sponsorship and Marketing Committee

Interest in shares: 2,000 ordinary shares

Lindsay Milton McNeill

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Agricultural technical officer, bank officer, agriculture teacher, journalist and small business operator. Holds bachelor of arts degree and diplomas in agriculture and education. Member and office bearer of a number of professional and not for profit groups. Currently committee member of York Health Advisory Group.

Special responsibilities: Finance and Audit Committee, Marketing and Sponsorship Committee

Interest in shares: 3,001 ordinary shares

Kenneth Charles Severson

Non-executive director

Occupation: Agricultural Consultant

Qualifications, experience and expertise: Kenneth is an Agricultural Consultant and Farm Manager. Qualifications include Diploma of Agricultural Science (Dip.AG.Sci), Executive Certificate in Agribusiness (Cont.AG.Bus). Honours in Fellow of the Australian Association of Agricultural Consultants (WA) (FAAAC) and Fellow of the Australian Institute of Company Directors (FAICD).

Experience includes Director of Severson Agriculture Pty Ltd from 2012 to present, Founding Partner of Farmanco Management Consultant 1978 to 2010. Community roles include Director and Chairman of York and District Co-op 1995 - 2010, Fellow and Chairman of Council Guildford Grammar School 2001 - 2009, Chairman of the Board of Management at Muresk Institute Curtin University 1997 - 2005. Director and Chairman of Kondinin Group 2000 - 2010.

Special responsibilities: Nil

Interest in shares: nil share interest held

York & Districts Community Financial Services Limited

Directors' Report

Directors (continued)

Mark Gregory Duperouzel

Non-executive director

Occupation: Mechanic, Owner and Manager - M.A.L Automotive

Qualifications, experience and expertise: Owner and Manager of M.A.L Automotive for 27 years. A board member of Western Australia (WA) Water Ski Association Tournament Division. Regional Development Manager of WA Water Ski Assoc. and board member. YDCFS Board member.

Special responsibilities: Nil

Interest in shares: nil share interest held

James Stewart Austen Fisher

Non-executive director

Occupation: Agricultural Scientist

Qualifications, experience and expertise: Previous board member of YDCFS 2009-2013. Ambulance volunteer officer 2012-2015.

BSc (Agri) Hons. PhD. Principal, Desiree Futures.

Special responsibilities: Nil

Interest in shares: 300 ordinary shares

Ian Douglas Hamilton

Non-executive director (appointed 30 March 2021)

Occupation: Business owner

Qualifications, experience and expertise: Worked in Westpac Bank for 19 years until 1987. Then worked in various Liquor related businesses in operational and managerial positions until 2004 when purchased Cellarbrations York.

Special responsibilities: Nil

Interest in shares: nil share interest held

Claire Belinda Springbett

Non-executive director (appointed 30 March 2021)

Occupation: Farmer

Qualifications, experience and expertise: Bachelor of Science (Physiotherapy) obtained in 2004, worked as a Physiotherapist for WA Country Health Service until 2010. Graduate Certificate in Clinical Epidemiology 2006. Partner in 3rd generation farm in York, and working part time in Transport and Logistics.

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.

Company Secretary

There have been two company secretaries holding the position during the financial year:

- Karen Maree Beale was appointed company secretary on 9 February 2021.
- Joanne Allen was appointed as company secretary on 18 November 2006 and ceased on 27 April 2021.

Qualifications, experience and expertise: Karen has worked with Community Bank Boards for over 10 years. She has a Bachelors Degree in Commerce (Accounting) and is a Registered BAS agent. Karen is the current Chair of Swan View Senior High School board and is a Director for Mundaring Rotary Club.

York & Districts Community Financial Services Limited

Directors' Report

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
\$	\$
8,165	68,357

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Diane Robertson Smith	-	-	-
Joanne Allen	2,000	-	2,000
Lindsay Milton McNeill	3,001	-	3,001
Kenneth Charles Severson	-	-	-
Mark Gregory Duperouzel	-	-	-
James Stewart Austen Fisher	300	-	300
Ian Douglas Hamilton	-	-	-
Claire Belinda Springbett	-	-	-

Dividends

In the prior financial year, the following dividends were declared and provided for but not paid. The dividends have been paid for in the financial statements.

	Cents per share	Total amount \$
Final fully franked dividend	3.00	13,587

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 companies financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

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

Events since the end of the financial year

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

York & Districts Community Financial Services Limited

Directors' Report

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 26 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 attended by each of the directors of the company during the financial year were:

<i>E - eligible to attend</i> <i>A - number attended</i>	Board Meetings Attended	
	<u>E</u>	<u>A</u>
Diane Robertson Smith	8	7
Joanne Allen	8	4
Lindsay Milton McNeill	8	8
Kenneth Charles Severson	8	6
Mark Gregory Duperouzel	8	6
James Stewart Austen Fisher	8	8
Ian Douglas Hamilton	5	4
Claire Belinda Springbett	5	5

Proceedings on behalf of the company

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

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

York & Districts Community Financial Services Limited

Directors' Report

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 25 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the directors at York, Western Australia.



Diane Robertson Smith, Chair

Dated this 29th day of August 2021

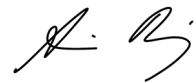
Independent auditor's independence declaration under section 307C of the Corporations Act 2001 to the Directors of York & Districts Community Financial Services Limited

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 August 2021



Adrian Downing
Lead Auditor

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

	Notes	2021 \$	2020 \$
Revenue from contracts with customers	8	522,965	612,442
Other revenue	9	45,729	73,715
Finance income	10	1,832	3,833
Employee benefit expenses	11c)	(364,227)	(378,797)
Charitable donations, sponsorship, advertising and promotion		(17,573)	(36,029)
Occupancy and associated costs		(20,482)	(18,534)
Systems costs		(20,981)	(22,618)
Depreciation and amortisation expense	11a)	(21,040)	(19,528)
Finance costs	11b)	(5,720)	(9,268)
General administration expenses		(113,628)	(119,133)
Profit before income tax (expense)/credit		6,875	86,083
Income tax (expense)/credit	12a)	1,290	(17,726)
Profit after income tax (expense)/credit		8,165	68,357
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		8,165	68,357
Earnings per share		¢	¢
- Basic and diluted earnings per share:	28a)	1.80	15.09

The accompanying notes form part of these financial statements

York & Districts Community Financial Services Limited
Statement of Financial Position
as at 30 June 2021

	Notes	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	13a)	358,134	401,219
Trade and other receivables	14a)	40,968	51,411
Current tax assets	17a)	13,255	-
Total current assets		412,357	452,630
Non-current assets			
Property, plant and equipment	15a)	464,942	471,518
Intangible assets	16a)	14,551	27,983
Deferred tax asset	17b)	13,729	14,202
Total non-current assets		493,222	513,703
Total assets		905,579	966,333
LIABILITIES			
Current liabilities			
Trade and other payables	18a)	39,841	44,642
Current tax liabilities	17a)	-	6,973
Loans and borrowings	19a)	48,000	48,000
Employee benefits	20a)	46,233	49,215
Total current liabilities		134,074	148,830
Non-current liabilities			
Trade and other payables	18b)	-	16,326
Loans and borrowings	19b)	32,468	74,628
Employee benefits	20b)	11,054	6,731
Total non-current liabilities		43,522	97,685
Total liabilities		177,596	246,515
Net assets		727,983	719,818
EQUITY			
Issued capital	21a)	360,527	360,527
Retained earnings	22	367,456	359,291
Total equity		727,983	719,818

The accompanying notes form part of these financial statements

York & Districts Community Financial Services Limited
Statement of Changes in Equity
for the year ended 30 June 2021

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2019		360,527	304,521	665,048
Total comprehensive income for the year		-	68,357	68,357
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	27b)	-	(13,587)	(13,587)
Balance at 30 June 2020		360,527	359,291	719,818
Balance at 1 July 2020		360,527	359,291	719,818
Total comprehensive income for the year		-	8,165	8,165
Balance at 30 June 2021		360,527	367,456	727,983

The accompanying notes form part of these financial statements

York & Districts Community Financial Services Limited
Statement of Cash Flows
for the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		635,599	753,998
Payments to suppliers and employees		(576,837)	(637,209)
Interest received		2,003	4,991
Interest paid		(5,720)	(9,268)
Lease payments not included in the measurement of lease liabilities	11d)	(8,045)	(7,947)
Income taxes paid		(18,465)	(16,260)
Net cash provided by operating activities	23	28,535	88,305
Cash flows from investing activities			
Payments for property, plant and equipment		(1,032)	(4,971)
Payments for intangible assets		(14,842)	(14,842)
Net cash used in investing activities		(15,874)	(19,813)
Cash flows from financing activities			
Repayment of loans and borrowings		(42,159)	(38,611)
Dividends paid	27a)	(13,587)	(1,000)
Net cash used in financing activities		(55,746)	(39,611)
Net cash increase/(decrease) in cash held		(43,085)	28,881
Cash and cash equivalents at the beginning of the financial year		401,219	372,338
Cash and cash equivalents at the end of the financial year	13a)	358,134	401,219

The accompanying notes form part of these financial statements

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 1 Reporting entity

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

Registered Office	Principal Place of Business
114 Avon Terrace York WA 6302	114 Avon Terrace York WA 6302

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 26.

Note 2 Basis of preparation and statement of compliance

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

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

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

These financial statements for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 29 August 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.

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

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

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

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

Revenue calculation

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

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

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

Ability to change financial return

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>
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.

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.

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

c) Economic dependency - Bendigo Bank

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

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

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

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

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

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

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

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

d) Employee benefits

Short-term employee benefits

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

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

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

d) Employee benefits (*continued*)

Defined superannuation contribution plans

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

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Goods and Services Tax

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

f) Cash and cash equivalents

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

g) Property, plant and equipment

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

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

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

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>
Building	Straight-line	5 - 50 years
Furniture, fixtures and fittings	Straight-line	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 required.

i) Financial instruments

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

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.

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

i) Financial instruments (*continued*)

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Leases

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.

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

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

a) 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 17 - 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 20 - long service leave provision	key assumptions on attrition rate and pay increases through promotion and inflation;

Note 6 Financial risk management

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

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

a) Credit risk

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

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

b) Liquidity risk

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

Exposure to liquidity risk

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

30 June 2021

<u>Non-derivative financial liability</u>	<u>Carrying amount</u>	<u>Not later than 12 months</u>	<u>Contractual cash flows</u>	
			<u>Between 12 months and five years</u>	<u>Greater than five years</u>
Bank loans	80,468	48,000	32,468	-
Trade and other payables	39,841	39,841	-	-
	<u>120,309</u>	<u>87,841</u>	<u>32,468</u>	<u>-</u>

York & Districts Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 6 Financial risk management (continued)

b) Liquidity risk (continued)

Exposure to liquidity risk (continued)

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>
Bank loans	122,628	48,000	74,628	-
Trade and other payables	60,968	44,642	16,326	-
	<u>183,596</u>	<u>92,642</u>	<u>90,954</u>	<u>-</u>

c) Market risk

Market risk

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

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

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities 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 held cash and cash equivalents of \$358,134 at 30 June 2021 (2020: \$401,219). 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:

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

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 7 Capital management (continued)

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	422,574.00	511,083.00
- Fee income	43,377.00	43,719.00
- Commission income	57,014.00	57,640.00
	<u>522,965</u>	<u>612,442</u>

Note 9 Other revenue

	2021 \$	2020 \$
- Market development fund income	22,500	35,000
- Cash flow boost	23,229	38,715
	<u>45,729</u>	<u>73,715</u>

Note 10 Finance income

	2021 \$	2020 \$
- Term deposits	<u>1,832</u>	<u>3,833</u>

Note 11 Expenses

a) Depreciation and amortisation expense	2021 \$	2020 \$
<i>Depreciation of non-current assets:</i>		
- Buildings	6,525	5,538
- Furniture and fittings	1,083	560
	<u>7,608</u>	<u>6,098</u>
<i>Amortisation of intangible assets:</i>		
- Franchise fee	2,239	2,238
- Franchise renewal process fee	11,193	11,192
	<u>13,432</u>	<u>13,430</u>
Total depreciation and amortisation expense	<u>21,040</u>	<u>19,528</u>

York & Districts Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 11 Expenses (continued)

b) Finance costs	2021	2020
	\$	\$
<i>Finance costs:</i>		
- Bank loan interest paid or accrued	5,720	9,268

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

c) Employee benefit expenses

Wages and salaries	315,533	319,482
Contributions to defined contribution plans	30,359	30,491
Expenses related to long service leave	4,524	4,636
Other expenses	13,811	24,188
	<u>364,227</u>	<u>378,797</u>

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	8,045	7,947

Note 12 Income tax expense

a) Amounts recognised in profit or loss	2021	2020
	\$	\$
<i>Current tax expense/(credit)</i>		
- Current tax	-	15,645
- Future income tax benefit attributable to losses	(3,461)	-
- Movement in deferred tax	(76)	(829)
- Reduction in company tax rate	549	819
- Under/(Over) provision of tax in the prior period	1,698	2,091
	<u>(1,290)</u>	<u>17,726</u>

Progressive changes to the company tax rate have been enacted. Consequently, as of 1 July 2021, the company tax rate will be reduced from 26% to 25%. This change resulted in a loss of \$549 related to the remeasurement of deferred tax assets and liabilities of the company.

York & Districts Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 12 Income tax expense (continued)

b) <i>Prima facie</i> income tax reconciliation	2021	2020
	\$	\$
Operating profit before taxation	6,875	86,083
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	1,788	23,673
Tax effect of:		
- Non-deductible expenses	297	343
- Temporary differences	494	2,276
- Other assessable income	(6,040)	(10,647)
- Movement in deferred tax	(76)	(829)
- Reduction in company tax rate	549	819
- Under/(over) provision of income tax in the prior year	1,698	2,091
	<u>(1,290)</u>	<u>17,726</u>

Note 13 Cash and cash equivalents

a) Cash and cash equivalents	2021	2020
	\$	\$
- Cash at bank and on hand	19,244	61,932
- Term deposits	338,890	339,287
	<u>358,134</u>	<u>401,219</u>

Note 14 Trade and other receivables

a) Current assets	2021	2020
	\$	\$
Trade receivables	35,497	46,487
Prepayments	5,040	4,322
Other receivables and accruals	431	602
	<u>40,968</u>	<u>51,411</u>

York & Districts Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 15 Property, plant and equipment

a) Carrying amounts	2021	2020
	\$	\$
<i>Land</i>		
At cost	219,352	219,352
<i>Buildings</i>		
At cost	381,290	381,290
Less: accumulated depreciation	(140,357)	(133,832)
	<u>240,933</u>	<u>247,458</u>
<i>Furniture and fittings</i>		
At cost	141,775	140,743
Less: accumulated depreciation	(137,118)	(136,035)
	<u>4,657</u>	<u>4,708</u>
Total written down amount	<u>464,942</u>	<u>471,518</u>
b) Reconciliation of carrying amounts		
<i>Land</i>		
Carrying amount at beginning	219,352	219,352
	<u>219,352</u>	<u>219,352</u>
<i>Buildings</i>		
Carrying amount at beginning	247,458	252,996
Depreciation	(6,525)	(5,538)
	<u>240,933</u>	<u>247,458</u>
<i>Furniture and fittings</i>		
Carrying amount at beginning	4,708	376
Additions	1,032	4,971
Disposals	-	(79)
Depreciation	(1,083)	(560)
	<u>4,657</u>	<u>4,708</u>
Total written down amount	<u>464,942</u>	<u>471,518</u>
c) Changes in estimates		

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

York & Districts Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 16 Intangible assets

a) Carrying amounts	2021 \$	2020 \$
<i>Franchise fee</i>		
At cost	61,192.00	61,192
Less: accumulated amortisation	(57,933.00)	(55,694)
	3,259	5,498
<i>Franchise renewal process fee</i>		
At cost	55,961	55,961
Less: accumulated amortisation	(44,669)	(33,476)
	11,292	22,485
	14,551	27,983
b) Reconciliation of carrying amounts		
<i>Franchise fee</i>		
Carrying amount at beginning	5,498	7,736
Amortisation	(2,239)	(2,238)
	3,259	5,498
<i>Franchise renewal process fee</i>		
Carrying amount at beginning	22,485	33,677
Amortisation	(11,193)	(11,192)
	11,292	22,485
	14,551	27,983

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 17 Tax assets and liabilities

a) Current tax	2021 \$	2020 \$
Income tax payable/(refundable)	(13,255)	6,973

York & Districts Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 17 Tax assets and liabilities (continued)

b) Deferred tax	2021	2020
	\$	\$
<i>Deferred tax assets</i>		
- expense accruals	775	936
- employee provisions	14,322	14,547
Total deferred tax assets	<u>15,097</u>	<u>15,483</u>
<i>Deferred tax liabilities</i>		
- income accruals	108	157
- deductible prepayments	1,260	1,124
Total deferred tax liabilities	<u>1,368</u>	<u>1,281</u>
Net deferred tax assets (liabilities)	<u>13,729</u>	<u>14,202</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>473</u>	<u>10</u>

Note 18 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	1,483	-
Other creditors and accruals	38,358	44,642
	<u>39,841</u>	<u>44,642</u>
b) Non-current liabilities		
Other creditors and accruals	<u>-</u>	<u>16,326</u>

Note 19 Loans and borrowings

a) Current liabilities	2021	2020
	\$	\$
Current portion of Secured bank loans	<u>48,000</u>	<u>48,000</u>
b) Non-current liabilities		
Secured bank loans	<u>32,468</u>	<u>74,628</u>

c) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021		30 June 2020	
			Face value	Carrying value	Face value	Carrying value
Secured bank loans	5.64%	2023	80,468	80,468	122,628	122,628

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 20 Employee benefits

a) Current liabilities	2021	2020
	\$	\$
Provision for annual leave	21,285	24,468
Provision for long service leave	24,948	24,747
	<u>46,233</u>	<u>49,215</u>
b) Non-current liabilities		
Provision for long service leave	<u>11,054</u>	<u>6,731</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 21 Issued capital

a) Issued capital	2021		2020	
	Number	\$	Number	\$
Ordinary shares - fully paid	452,909	452,909	452,909	452,909
Less: equity raising costs	-	(92,382)	-	(92,382)
	<u>452,909</u>	<u>360,527</u>	<u>452,909</u>	<u>360,527</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.

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).

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 21 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 22 Retained earnings

	Note	2021 \$	2020 \$
Balance at beginning of reporting period		359,291	304,521
Net profit after tax from ordinary activities		8,165	68,357
Dividends provided for or paid	27b)	-	(13,587)
Balance at end of reporting period		367,456	359,291

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 23 Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Net profit after tax from ordinary activities	8,165	68,357
Adjustments for:		
- Depreciation	7,608	6,098
- Amortisation	13,432	13,430
- (Profit)/loss on disposal of current assets	-	78
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	10,443	8,109
- (Increase)/decrease in other assets	(12,782)	(10)
- Increase/(decrease) in trade and other payables	7,301	(14,712)
- Increase/(decrease) in employee benefits	1,341	5,479
- Increase/(decrease) in tax liabilities	(6,973)	1,476
Net cash flows provided by operating activities	<u>28,535</u>	<u>88,305</u>

Note 24 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			
Trade and other receivables	14a)	35,497	46,487
Cash and cash equivalents	13a)	19,244	61,932
Term deposits	13a)	338,890	339,287
		<u>393,631</u>	<u>447,706</u>
Financial liabilities			
Trade and other payables	18a)	1,483	-
Secured bank loans	19c)	80,468	122,628
		<u>81,951</u>	<u>122,628</u>

Note 25 Auditor's remuneration

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

	2021 \$	2020 \$
<i>Audit and review services</i>		
- Audit and review of financial statements	5,000	4,800
<i>Non audit services</i>		
- General advisory services	2,500	2,210
- Share registry services	5,490	922
Total auditor's remuneration	<u>12,990</u>	<u>7,932</u>

York & Districts Community Financial Services Limited

Notes to the Financial Statements

for the year ended 30 June 2021

Note 26 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Diane Robertson Smith
 Joanne Allen
 Lindsay Milton McNeill
 Kenneth Charles Severson
 Mark Gregory Duperouzel
 James Stewart Austen Fisher
 Ian Douglas Hamilton
 Claire Belinda Springbett

b) Key management personnel compensation

Key management personnel compensation comprised the following.

Short-term employee benefits

	2021	2020
	\$	\$
	3,400	7,170

Compensation of the company's key management personnel includes salaries.

c) Related party transactions

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

Note 27 Dividends provided for or paid

a) Dividends paid during the period

The following dividends were paid to shareholders during the reporting period as presented in the statement of cash flows.

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	3.00	13,587	-	-

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

b) Dividends provided for during the period

The following dividends were provided for during the reporting period as presented in the statement of changes in equity.

	30 June 2021		30 June 2020	
	Cents	\$	Cents	\$
Fully franked dividend	-	-	3.00	13,587

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

York & Districts Community Financial Services Limited
Notes to the Financial Statements
for the year ended 30 June 2021

Note 27 Dividends provided for or paid (continued)

c) Franking account balance	2021	2020
	\$	\$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	195,769	179,509
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	18,465	16,260
- Franking debits from the payment of franked distributions	(4,774)	-
Franking account balance at the end of the financial year	<u>209,460</u>	<u>195,769</u>
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	(13,255)	6,973
- Franking debits that will arise from payment of dividends subsequent to financial year end	-	(4,774)
Franking credits available for future reporting periods	<u>196,205</u>	<u>197,968</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 28 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>8,165</u>	<u>68,357</u>
	Number	Number
Weighted-average number of ordinary shares	<u>452,909</u>	<u>452,909</u>
	Cents	Cents
Basic and diluted earnings per share	<u>1.80</u>	<u>15.09</u>

Note 29 Commitments

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

Note 30 Contingencies

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

Note 31 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.

York & Districts Community Financial Services Limited

Directors' Declaration

In accordance with a resolution of the directors of York & Districts Community Financial Services Limited, we state that:

In the opinion of the directors:

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

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



Diane Robertson Smith, Chair

Dated this 29th day of August 2021

Independent auditor's report to the Directors of York & Districts Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

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

In our opinion, the accompanying financial report of York & Districts Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 August 2021



Adrian Downing
Lead Auditor