Annual Report 2021

Gosnells Financial Services Limited

Canning Vale

ABN 11 095 764 533

Contents

Chairman's report

For year ending 30 June 2021

Overview

Welcome to this year's review for Gosnells Financial Services Limited. If I could paraphrase Ray's report from last year "2020-2021 has certainly been a year to remember". Not only has the world remained in the grip of the COVID-19 crisis but ongoing record low interest rates are forcing all financial institutions to work in a very low margin environment.

Once again, I would like to thank our staff for their resilience in providing excellent service to our customers while coping with all the COVID-19 restrictions.

We relocated to Canning Vale three years ago and at the time it was predicted that it would take us between three to five years to get into a profitable position and we believe that we are on track for this.

The world of branch banking has changed significantly in that time and Bendigo Bank is well advanced in reviewing all roles and branch structures to reflect these changes and the impacts on operations. Who would have thought that in 2021 we would see banks removing ATM's on mass due to the unprofitability and the world of digital and online takes over!

Given the challenges we face, your Board has placed a lot of time and effort into strengthening our business model over the past twelve months and we expect to see the benefits of those initiatives in the period ahead.

To put things in a financial context we would need to triple our growth to retain similar revenue to the levels enjoyed two to three years ago.

So, what are we doing to address these challenges?

1. We have had a strong focus on cost reduction and whilst we have reduced costs revenue has only grown slightly.
2. We launched our referral program which in brief offers a financial incentive to clubs and associations to introduce business to Community Bank Canning Vale. We had a great interest at the initial meeting and have already received an application.
3. One of the significant changes in the finance world is that typically customers no longer walk into branches looking for a loan – you have to find them in a very competitive environment. As a result, we have engaged with Bendigo Bank to evaluate the feasibility of employing a Mobile Relationship Manager (MRM) to operate on our behalf. We expect to finalise that process in the period ahead with Bendigo Bank's support.
4. Bendigo Bank have now released a very effective branch comparison tool that for the first time allows us to compare our performance to similar branches. This report provides us with an opportunity along with the Bendigo review to reconsider how the branch can adapt to the new world of branch banking.
5. Due to hard work we are finally clear of the Gosnells location lease which has been a severe drain on our financial resources over the past three years.

Gosnells Financial Services Limited Board of Directors, is made up of a group of volunteers who have a desire to give back and benefit our community and during the year we appointed three new Directors bringing our current pool to eight including our Company Secretary.

These appointments have improved the balance of the Board.

Despite having full-time jobs your Board, in addition to attending Board meetings (for which we had an 80% attendance), and Bendigo Bank education events was still able to dedicate over 68 hours to attending community events.

I have already spoken about how we believe the Bank is developing and some of the plans we have for the future. With the recent closure of Community Bank Bentley, we now have a much larger area of opportunity. We hope to support those Bentley customers and assist them where possible.

Community

Community sponsorship is a core value and role for our Community Bank and we continue to support our community by sponsoring community groups, clubs and events.

This year we are proud to have been able to provide the following support and sponsorships to our community:

- Harrisdale Men's Shed
- Redsox Softball Club
- GOSAC-Give Our Strays A Chance
- Gosnells Bowling Club
- Gosnells Men's Shed.

Can I finish this report, by thanking everyone who has supported the Community Bank Canning Vale, thank you for your business that keeps us going, thank you for your constant encouragement of the staff and the Board which is so up-lifting, and thank you for following the guidelines given by the staff, keeping them safe.

We would just ask you all to keep yourself safe and continue to follow the COVID-19 guidelines so that we can celebrate another year together in 2022.

Thank you for your attendance and support.

Steve Mitchinson
Chairman
Gosnells Financial Services Limited

Manager's report

For year ending 30 June 2021

After 17 years working with the Community Bank it would be difficult to think that life is normal. So many changes and challenges over the past couple of years.

This is our third year at Canning Vale and I guess the last two years have been rather difficult with COVID-19 and various lockdowns. It hasn't been easy for our business and personal customers either but most have been able to adapt to these changes and our staff have been on hand to support them and offer solutions where needed.

As an 'essential service' the staff have been amazing. It has been a big challenge for us as well and staff took this in their stride to ensure we are positioned as well as we possibly can be to face the new emerging economy and world that we now live in.

With regards to our overall results for the year they were encouraging considering the challenges we faced trying to grow the business.

Overall we grew our business portfolio by $11.9 million for the year. Overall lending growth was up from the previous year by $2 million. Deposits increased by $7 million and Other business increased by $3 million.

In saying that, the income revenue earned was not adequate in a low rate environment and tight margin squeeze. Given our main income source is from lending, this is our main focus for the next financial year.

Our total business on books now sits at $116.6 million compared to $104.7 million last financial year. This is made up of Loans book $28 million and Deposits $87 million.

Our staff and Directors work well with our Franchisor, Bendigo and Adelaide Bank Limited and there is a lot of support available. The Bank is always looking at new campaigns to assist the branch network in obtaining new business. Whether it be an Insurance campaign to drive business, a Home Loan campaign etc. It all helps when there is a positive reason to call a customer and discuss their banking requirements.

Finally a big thank you to all our customers and shareholders who continue to support our Community Bank Canning Vale – without you we do not have a business.

Please feel free to drop in or give us a call on 9455 4650 at the branch. The team and I would be happy to help you with your banking needs.

Michelle Lennox
Branch Manager
Community Bank Canning Vale

Bendigo and Adelaide Bank report

For year ending 30 June 2021

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

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

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

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

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

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

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

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

Collin Brady
Head of Community Development

Directors' report

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

Directors

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

Stephen David Mitchinson
Chair (appointed 5 October 2020)
Occupation: Executive Director
Qualifications, experience and expertise: Highly respected strategist and business improvement consultant. Served as Director and/or Chair on a wide variety of advisory boards and not profit for purpose organisations including Auscontact, Australian Institute of Credit Management, Road Safety Council of WA, Business and Technology Advisory Council and others over 3 decades.
Special responsibilities: Chairperson
Interest in shares: nil share interest held

Ignazio Rocco Moro
Non-executive director
Occupation: Chartered Accountant and Business Advisor
Qualifications, experience and expertise: Iggy is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ), a Chartered Tax Advisor of the Tax Institute of Australia, a CA SMSF Specialist and a Director with Walker Wayland WA. Walker Wayland WA is full-service accounting firm specialising in business growth, profit improvement and maximising overall business performance. Iggy has been in public practice since 1992 and advises clients in tax, business advisory and SMSF. He assists clients achieve their business, financial and personal goals from start-ups, SMEs and multi-national businesses from a wide range of industries. Iggy is a member (and former Chair) of the Walker Wayland Australasia Superannuation Group and current committee member for CAANZ on the National Superannuation Advisory Committee and the WA Public Practice Advisory Committee. Iggy holds a Bachelor of Business Degree from Edith Cowan University and a Diploma of Financial Planning through CAANZ and Kaplan. Over the years, Iggy has also been a Focus Session Facilitator and Exam Marker for the CAANZ CA Program as well as workshop facilitator for Tax at UWA Business School. He has also volunteered time and resources for various committees and not-for-profits including former Treasurer and Committee Member of Mazenod Old Boys Association, former Treasurer and Chair of St Jude's Catholic Primary School and a committee member of the Finance Committee for Catholic Education WA.
Special responsibilities: Treasurer, Audit & Governance Committee
Interest in shares: nil share interest held

Pamela Govender
Non-executive director
Occupation: Instructional Designer
Qualifications, experience and expertise: MBA, Belle of the Ball initiative, Restore a Smile Inc.
Special responsibilities: Nil
Interest in shares: nil share interest held

Terresa Anne Lynes
Non-executive director
Occupation: Business Partner Team Renov8
Qualifications, experience and expertise: Business Owner/Partner Team Renov8 (Renovations business), Deputy Mayor - City of Gosnells, Vice President - Australian Local Government Women's Association WA Branch, Thornlie Senior High School Board Member (Chairperson), Rivers Regional Councillor, Municipal Waste Advisory Council, Diploma of Local Government. Audit Committee member - City of Gosnells.
Special responsibilities: Nil
Interest in shares: nil share interest held

Directors *(continued)*

Daniel Stephen Newman
Non-executive director
Occupation: Public Relations Manager
Qualifications, experience and expertise: Daniel holds a Bachelor of Commerce from the University of Notre Dame Fremantle and have been working in communications and public affairs roles for 9 years. He has experience in both public and private sector including roles in Sponsorship and Marketing. Daniel is a Justice of the Peace and regularly preside over the Central Law Courts' Traffic Court. He has a strong connection to his the local community having spent almost 20 years volunteering with St John Ambulance and three years as a volunteer Fire Fighter in Gosnells.
Special responsibilities: Marketing and Sponsorship Committee
Interest in shares: nil share interest held

Terry Ross Finlayson
Non-executive director (appointed 5 October 2020)
Occupation: Retired
Qualifications, experience and expertise: 28 years employment with Westpac Banking Corporation. 10 years employment with Gadens Lawyers.
Special responsibilities: Audit & Governance Committee
Interest in shares: nil share interest held

Viet Quoc Le
Non-executive director (appointed 5 October 2020)
Occupation: Chartered Accountant
Qualifications, experience and expertise: Viet is a Commerce Graduate from Curtin University and a Chartered Accountant with over 10 years experience specialising in corporate tax advisory and compliance. Prior to joining the Board, Viet held senior roles at KPMG and listed multinational organisations developing his experience across a range of different industries including resources, shipbuilding, energy and infrastructure. Viet is currently a Tax Principal for a transport infrastructure organisation where he is responsible for the tax function. Viet plays an active roles in his community coordinating fundraising campaigns and participates in volunteering activities for non-for-profit organisations.
Special responsibilities: Finance Committee
Interest in shares: nil share interest held

Raymond Norvill
Chairman, Non-executive director (resigned 24 November 2020)
Occupation: Retired
Qualifications, experience and expertise: Raymond is married with two daughters and seven grandchildren. He has lived in the Gosnells community for twelve years. He is a pastor of "The Village Christian Fellowship" Amaroo. Raymond is a former Chair of Gosnells YouthCARE district council. Raymond is the Chair of Choose Respect Inc., a not-for-profit company that helps people relate to one another with a language of mutual respect. He is also Chairman of the Kenwick School Council and a Board Member of the Southern Districts Support Association.
Special responsibilities: Chairman
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.

Key Management Personal

Michelle Lennox
Occupation: Bank Manager
Qualifications, experience and expertise: Branch Manager of Gosnells Community Bank since July 2004. Michelle holds a very unique and privileged position of also having been a Director of Gosnells Financial Services Ltd from 2006 to 2014. Michelle also holds a certificate 111 in Financial Services and has completed many courses throughout her Banking career. Born and bred in the small country town of Northampton WA, where she lived for 17 years with her parents, Michelle is very familiar with community involvement and the importance of supporting the people within that community. From the age of 16, Michelle has been employed in various areas and departments within the banking industry. To Michelle banking is just one part of her role and the most exciting part is her involvement within the community in which she lives and works. To see community groups prosper from our sponsorships and assistance is the best possible reward she feels she could ever ask for.

Company Secretary

The company secretary is Claire Hurst. Claire was appointed to the position of secretary on 23 July 2018.

Qualifications, experience and expertise: Claire is the Local Connection Coordinator with Bendigo Bank, Company Secretary and Community Liaison Administrator with Gosnells Financial Services LTD. Claire had 10 years' experience with Bendigo Bank including Community Bank roles and Bendigo Bank roles including a 6 month secondment with Community Sector Banking. Her expertise are in administration, recruitment and marketing.

Corporate Governance

The Directors have a strong commitment to good corporate governance. Their guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly in accordance with the law in the interest of investors and other stakeholders.

Audit and Governance

Gosnells Financial Services Limited has established an Audit and Governance Committee. The members of the committee are:

Ignazio Rocco Moro
Claire Hurst (Company Secretary, Non-Director)

The primary function of the committee is to assist the board in fulfilling its oversight responsibilities by reviewing:

- The financial information of the company;
- The systems of internal control (governance) which management and the board have established;
- The overall audit process of the company;
- Regulatory obligations of the company and compliance with these requirements;
- The systems of risk management which management and the board have established.

In addition to the above, the company has also implemented other corporate governance practices which include director approval of operating budgets and monitoring of progress against these budgets, Ongoing director training and monthly director meetings to discuss performance and strategic plans.

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

	Year ended 30 June 2021 $	Year ended 30 June 2020 $
	(42,177)	(137,092)

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Stephen David Mitchinson	-	-	-
Ignazio Rocco Moro	-	-	-
Pamela Govender	-	-	-
Terresa Anne Lynes	-	-	-
Daniel Stephen Newman	-	-	-
Terry Ross Finlayson	-	-	-
Viet Quoc Le	-	-	-
Raymond Norvill	-	-	-

Dividends

No dividends were declared or paid for the previous financial year and the directors recommend that no dividend be paid in the current financial year.

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 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 31 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:

E - eligible to attend
A - number attended

	Board Meetings Attended	
	E	A
Stephen David Mitchinson	8	8
Ignazio Rocco Moro	11	10
Pamela Govender	11	6
Terresa Anne Lynes	11	9
Daniel Stephen Newman	11	6
Terry Ross Finlayson	8	6
Viet Quoc Le	8	8
Raymond Norvill	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.*

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 30 to the accounts.

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 Audit and Governance 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 Audit and Governance 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 11.

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

Stephen David Mitchinson, Chair

Dated this 7th day of September 2021

Auditor's independence declaration

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Gosnells Financial Services Limited

As lead auditor for the audit of Gosnells 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: 7 September 2021

Joshua Griffin
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	527,765	619,404
Other revenue	9	67,289	92,923
Finance income	10	722	3,082
Employee benefit expenses	11c)	(403,769)	(437,616)
Charitable donations, sponsorship, advertising and promotion		(21,537)	(30,573)
Occupancy and associated costs		(53,784)	(67,922)
Systems costs		(37,401)	(40,902)
Depreciation and amortisation expense	11a)	(67,489)	(84,263)
Finance costs	11b)	(24,571)	(30,226)
General administration expenses		(85,299)	(120,144)
Other expenses	11e)	-	(44,077)
Fair value gains/(losses) on investments	12	41,760	(54,840)
Loss before income tax credit		(56,314)	(195,154)
Income tax credit	13a)	14,137	58,062
Loss after income tax credit		(42,177)	(137,092)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(42,177)	(137,092)
Earnings per share		¢	¢
- Basic and diluted loss per share:	33a)	(7.12)	(23.15)

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	14a)	116,640	172,845
Trade and other receivables	16a)	45,934	52,763
Other investments	15a)	125,880	84,120
Total current assets		288,454	309,728
Non-current assets			
Property, plant and equipment	17a)	10,970	14,684
Right-of-use assets	18a)	341,831	409,031
Intangible assets	19a)	6,213	17,329
Deferred tax asset	20a)	244,891	230,754
Total non-current assets		603,905	671,798
Total assets		892,359	981,526
LIABILITIES			
Current liabilities			
Trade and other payables	21a)	32,423	34,196
Loans and borrowings	22a)	8,408	-
Lease liabilities	23a)	46,571	43,399
Employee benefits	25a)	63,983	64,923
Total current liabilities		151,385	142,518
Non-current liabilities			
Lease liabilities	23b)	354,125	414,720
Employee benefits	25b)	10,354	6,800
Provisions	24a)	22,612	21,428
Total non-current liabilities		387,091	442,948
Total liabilities		538,476	585,466
Net assets		353,883	396,060
EQUITY			
Issued capital	26a)	588,400	588,400
Accumulated losses	27	(234,517)	(192,340)
Total equity		353,883	396,060

The accompanying notes form part of these financial statements

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

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2019	588,400	(55,248)	533,152
Total comprehensive income for the year	-	(137,092)	(137,092)
Balance at 30 June 2020	**588,400**	**(192,340)**	**396,060**
Balance at 1 July 2020	588,400	(192,340)	396,060
Total comprehensive income for the year	-	(42,177)	(42,177)
Balance at 30 June 2021	**588,400**	**(234,517)**	**353,883**

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		652,861	774,379
Payments to suppliers and employees		(628,022)	(749,187)
Interest received		872	5,584
Interest paid		-	(30)
Lease payments (interest component)	11b)	(23,387)	(29,074)
Lease payments not included in the measurement of lease liabilities	11d)	(15,581)	(15,961)
Dividends received		3,360	7,920
Net cash used in operating activities	28	(9,897)	(6,369)
Cash flows from investing activities			
Payments for property, plant and equipment		-	(1,590)
Payments for intangible assets		(11,834)	(11,834)
Net cash used in investing activities		(11,834)	(13,424)
Cash flows from financing activities			
Lease payments (principal component)		(42,883)	(150,175)
Net cash used in financing activities		(42,883)	(150,175)
Net cash decrease in cash held		(64,614)	(169,968)
Cash and cash equivalents at the beginning of the financial year		172,845	342,813
Cash and cash equivalents at the end of the financial year	14b)	108,231	172,845

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 Gosnells 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 2, The Vale Shopping Centre 271 Amherst Road Canning Vale WA 6155	Shop 2, The Vale Shopping Centre 271 Amherst Road Canning Vale WA 6155

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 31.

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 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 28 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.

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:

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

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

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.

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.

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

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

Ability to change financial return (continued)

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

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

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

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

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.

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.

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

d) Employee benefits *(continued)*

Other long-term employee benefits

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

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

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

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Goods and Services Tax

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

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

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

f) Cash and cash equivalents

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

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

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 or diminishing value method over their estimated useful lives, and is recognised in profit or loss.

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

Asset class	Method	Useful life
Leasehold improvements	Straight-line	5 to 15 years
Plant and equipment	Straight-line and diminishing value	2 to 40 years
Furniture, fixtures and fittings	Diminishing value	4 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)

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 and other debtors and creditors, cash and cash equivalents, lease liabilities and equity securities (shares, managed funds, ETFs).

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.

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

As a lessee

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

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

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.

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

m) Leases *(continued)*

As a lessee (continued)

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.

n) Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

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.

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

a) Judgements

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

Note	Judgement
- Note 23 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to control the use of the identified asset for a period of time in exchange for consideration 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 20 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 17 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 25 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 24 - 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.

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.

Note 6 Financial risk management *(continued)*

b) Liquidity risk

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

The company maintains the following lines of credit with Bendigo Bank:

- $50,000 temporary overdraft facility that is unsecured with available facility of $41,592. Interest is payable at a rate of 6.74% (2020: n/a).

The bank overdraft is repayable on demand and used for cash management purposes. It is reviewed annual by the lender, Bendigo Bank. As at balance date, the temporary overdraft was due to expire 20 August 2020.

Exposure to liquidity risk

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

30 June 2021

Non-derivative financial liability	Carrying amount	Contractual cash flows Not later than 12 months	Between 12 months and five years	Greater than five years
Bank overdraft	8,408	8,408	-	-
Lease liabilities	400,696	67,043	284,132	129,405
Trade and other payables	32,423	32,423	-	-
	441,527	107,874	284,132	129,405

30 June 2020

Non-derivative financial liability	Carrying amount	Contractual cash flows Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	458,119	67,044	286,531	210,869
Trade and other payables	34,196	34,196	-	-
	492,315	101,240	286,531	210,869

c) Market risk

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

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

Price risk

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

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

Note 6 Financial risk management *(continued)*

c) Market risk *(continued)*

Sensitivity analysis - equity price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognise through profit or loss.

	2021 $		2020 $	
	10% increase	10% decrease	10% increase	10% decrease
Equity securities	12,588	(12,588)	8,412	(8,412)

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 $116,640 at 30 June 2021 (2020: $172,845). 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	414,651	500,289
- Fee income	55,850	62,075
- Commission income	57,264	57,040
	527,765	619,404

Note 9 Other revenue

	2021 $	2020 $
- Dividend and distribution income	3,360	7,920
- Market development fund income	22,500	27,500
- Cash flow boost	34,501	57,503
- Other income	6,928	-
	67,289	92,923

Note 10 Finance income

	2021 $	2020 $
- Term deposits	722	3,082

Note 11 Expenses

a) Depreciation and amortisation expense

	2021 $	2020 $
Depreciation of non-current assets:		
- Leasehold improvements	342	342
- Plant and equipment	840	655
- Furniture and fittings	2,532	2,532
	3,714	3,529
Depreciation of right-of-use assets		
- Leased land and buildings	52,659	69,618
Amortisation of intangible assets:		
- Franchise fee	11,116	11,116
Total depreciation and amortisation expense	67,489	84,263

b) Finance costs

	2021 $	2020 $
- Lease interest expense	23,387	29,074
- Unwinding of make-good provision	1,184	1,122
- Other	-	30
	24,571	30,226

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

c) Employee benefit expenses

	2021 $	2020 $
Wages and salaries	336,341	373,187
Contributions to defined contribution plans	37,187	42,114
Expenses related to long service leave	5,908	1,464
Other expenses	24,333	20,851
	403,769	437,616

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	15,581	15,961

e) Other expenses

- Loss on disposal of right-of-use assets	-	44,077

At 30 June 2020 Gosnells lease agreement was paid out. To recognise this, the lease liability and right of use asset are reduced by their balance as at the payout date and the difference is recognised through the loss on disposal of right-of-use assets account.

Note 12 Fair value gains/(losses) on investments

	2021 $	2020 $
- At FVTPL - equity instruments	41,760	(54,840)

These amounts relate to the increase and decrease in the market value of investments or financial assets held by the company.

Note 13 Income tax expense

a) Amounts recognised in profit or loss

	2021 $	2020 $
Current tax expense/(credit)		
- Future income tax benefit attributable to losses	(28,888)	(59,233)
- Movement in deferred tax	6,395	(41,258)
- Excess franking credits converted to tax losses	(1,440)	-
- Adjustment to deferred tax on AASB 16 retrospective application	-	29,116
- Reduction in company tax rate	9,796	13,313
	(14,137)	(58,062)

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 $9,796 related to the remeasurement of deferred tax assets and liabilities of the company.

b) *Prima facie* income tax reconciliation

	2021 $	2020 $
Operating loss before taxation	(56,314)	(195,154)
Prima facie tax on loss from ordinary activities at 26% (2020: 27.5%)	(14,642)	(53,667)
Tax effect of:		
- Non-deductible expenses	745	567
- Temporary differences	(7,835)	8,748
- Other assessable income	(8,596)	(14,881)
- Movement in deferred tax	6,395	(41,258)
- Reduction in company tax rate	9,796	13,313
- Leases initial recognition	-	29,116
	(14,137)	(58,062)

Note 14 Cash and cash equivalents

a) Cash and cash equivalents

	2021 $	2020 $
- Cash at bank and on hand	3,739	60,816
- Term deposits	112,901	112,029
	116,640	172,845

b) Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand, cash held with financial and banking institutions, and investments in short-term money financial instruments, net of outstanding bank overdrafts. Bank overdrafts are presented with loans and borrowings.

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	Note	2021 $	2020 $
- Cash at bank and on hand		3,738	60,816
- Term deposits		112,901	112,029
- Bank overdraft	22a)	(8,408)	-
		108,231	172,845

Note 15 Other investments

a) Current investments

	2021 $	2020 $
Equity securities - at FVTPL	125,880	84,120

Note 16 Trade and other receivables

a) Current assets

	2021 $	2020 $
Trade receivables	39,150	45,292
Prepayments	6,542	7,079
Other receivables and accruals	242	392
	45,934	52,763

Note 17 Property, plant and equipment

a) Carrying amounts

	2021 $	2020 $
Leasehold improvements		
At cost	3,421	3,421
Less: accumulated depreciation	(864)	(522)
	2,557	2,899
Plant and equipment		
At cost	13,080	13,080
Less: accumulated depreciation	(11,236)	(10,396)
	1,844	2,684

Note 17 Property, plant and equipment *(continued)*

a) Carrying amounts *(continued)*	2021 $	2020 $
Furniture and fittings		
At cost	19,557	19,557
Less: accumulated depreciation	(12,988)	(10,456)
	6,569	9,101
Total written down amount	10,970	14,684

b) Reconciliation of carrying amounts

Leasehold improvements		
Carrying amount at beginning	2,899	3,241
Depreciation	(342)	(342)
	2,557	2,899
Plant and equipment		
Carrying amount at beginning	2,684	1,749
Additions	-	1,590
Depreciation	(840)	(655)
	1,844	2,684
Furniture and fittings		
Carrying amount at beginning	9,101	11,633
Depreciation	(2,532)	(2,532)
	6,569	9,101
Total written down amount	10,970	14,684

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 18 Right-of-use assets

a) Carrying amounts	2021 $	2020 $
Leased land and buildings		
At cost	572,330	586,870
Less: accumulated depreciation	(230,499)	(177,839)
Total written down amount	341,831	409,031

Note 18 Right-of-use assets *(continued)*

b) Reconciliation of carrying amounts

	2021 $	2020 $
Leased land and buildings		
Carrying amount at beginning	409,031	-
Initial recognition on transition	-	1,074,873
Accumulated depreciation on adoption	-	(557,590)
Remeasurement adjustments	(14,541)	5,443
Disposals	-	(44,077)
Depreciation	(52,659)	(69,618)
Total written down amount	341,831	409,031

Note 19 Intangible assets

a) Carrying amounts

	2021 $	2020 $
Franchise fee		
At cost	61,519	61,519
Less: accumulated amortisation	(55,306)	(44,190)
Total written down amount	6,213	17,329

b) Reconciliation of carrying amounts

Franchise fee		
Carrying amount at beginning	17,329	28,445
Amortisation	(11,116)	(11,116)
Total written down amount	6,213	17,329

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 20 Tax assets and liabilities

a) Deferred tax

	2021 $	2020 $
Deferred tax assets		
- expense accruals	347	503
- employee provisions	18,618	19,086
- make-good provision	5,653	5,571
- lease liability	100,174	119,111
- investments market value unrealised loss	-	2,840
- carried-forward tax losses	213,328	190,093
Total deferred tax assets	338,120	337,204

Note 20 Tax assets and liabilities *(continued)*

a) Deferred tax *(continued)*	2021 $	2020 $
Deferred tax liabilities		
- income accruals	61	102
- right-of-use assets	85,458	106,348
- investments market value unrealised gain	7,710	-
Total deferred tax liabilities	93,229	106,450
Net deferred tax assets (liabilities)	244,891	230,754
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(14,137)	58,063
Movement in deferred tax charged to Statement of Changes in Equity	-	29,116

Note 21 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	3,463	5,444
Other creditors and accruals	28,960	28,752
	32,423	34,196

Note 22 Loans and borrowings

a) Current liabilities	2021 $	2020 $
Bank overdraft	8,408	-

The company has a approved temporary overdraft limit of $50,000 which was drawn down to $8,408. The company has $41,592 overdraft remaining as at 30 June 2021 before exceeding the approved limited or required to re-negotiate the terms. The temporary overdraft expired 20 August 2021.

Interest is recognised using the effective interest method, currently 6.74% (2020: n/a).

b) Terms and repayment schedule

	Nominal interest rate	Year of maturity	30 June 2021 Face value	30 June 2021 Carrying value	30 June 2020 Face value	30 June 2020 Carrying value
Bank overdraft	6.74%	2021	8,408	8,408	-	-

Note 23 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 modifications were discounted at 5.39%.

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

The company's lease portfolio includes:

- Canning Vale Branch: The lease agreement commenced in March 2017. A 5 year renewal option was exercised in March 2018. The company has 2 x 5 year renewal options 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 March 2028.
- Gosnells Branch: During the previous period, the company paid out the current lease term to October 2021.

a) Current lease liabilities

	2021 $	2020 $
Property lease liabilities	67,043	67,044
Unexpired interest	(20,472)	(23,645)
	46,571	43,399

b) Non-current lease liabilities

	2021 $	2020 $
Property lease liabilities	413,537	497,400
Unexpired interest	(59,412)	(82,680)
	354,125	414,720

c) Reconciliation of lease liabilities

	2021 $	2020 $
Balance at the beginning	458,119	-
Initial recognition on AASB 16 transition	-	602,851
Remeasurement adjustments	(14,540)	5,443
Lease interest expense	23,387	29,074
Lease payments - total cash outflow	(66,270)	(179,249)
	400,696	458,119

d) Maturity analysis

	2021 $	2020 $
- Not later than 12 months	67,043	67,044
- Between 12 months and 5 years	284,132	286,531
- Greater than 5 years	129,405	210,869
Total undiscounted lease payments	480,580	564,444
Unexpired interest	(79,884)	(106,325)
Present value of lease liabilities	400,696	458,119

Note 24 Provisions

a) Non-current liabilities

	2021 $	2020 $
Make-good on leased premises	22,612	21,428

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision of $32,360 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire in March 2028 at which time it is expected the face-value costs to restore the premises will fall due.

Note 25 Employee benefits

a) Current liabilities

	2021 $	2020 $
Provision for annual leave	36,390	39,684
Provision for long service leave	27,593	25,239
	63,983	64,923

b) Non-current liabilities

	2021 $	2020 $
Provision for long service leave	10,354	6,800

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 26 Issued capital

a) Issued capital

	2021		2020	
	Number	$	Number	$
Ordinary shares - fully paid	592,180	592,180	592,180	592,180
Less: equity raising costs	-	(3,780)	-	(3,780)
	592,180	588,400	592,180	588,400

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.

Note 26 Issued capital *(continued)*

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

Ordinary shares (continued)

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

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

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

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

Note 27 Accumulated losses

	2021 $	2020 $
Balance at beginning of reporting period	(192,340)	21,510
Adjustment for transition to AASB 16	-	(76,758)
Net loss after tax from ordinary activities	(42,177)	(137,092)
Balance at end of reporting period	(234,517)	(192,340)

Note 28 Reconciliation of cash flows from operating activities

	2021 $	2020 $
Net loss after tax from ordinary activities	(42,177)	(137,092)
Adjustments for:		
- Depreciation	56,373	73,147
- Amortisation	11,116	11,116
- (Increase)/decrease in fair value of equity instruments designated at FVTPL	(41,760)	54,840
- (Profit)/loss on disposal of ROU assets	-	44,077
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	6,829	7,929
- (Increase)/decrease in other assets	(14,137)	(58,062)
- Increase/(decrease) in trade and other payables	10,061	(9,789)
- Increase/(decrease) in employee benefits	2,614	6,343
- Increase/(decrease) in provisions	1,184	1,122
Net cash flows used in operating activities	(9,897)	(6,369)

Note 29 Financial instruments - fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.

		Carrying amount				Fair value level	
		2021 $	2021 $	2020 $	2020 $	2021 $	2020 $
	Note	FVTPL	At amortised cost	FVTPL	At amortised cost	Level 1	Level 1
Financial assets measured at fair value:							
Equity securities	15	125,880	-	84,120	-	125,880	84,120
Financial assets not measured at fair value:							
Trade and other receivables	16	-	39,150	-	45,292	-	-
Cash and cash equivalents	14	-	3,739	-	60,816	-	-
Term deposits	14	-	112,901	-	112,029	-	-
		-	155,790	-	218,137	-	-
Financial liabilities not measured at fair value:							
Trade and other payables	21	-	32,423	-	34,196	-	-
Lease liabilities	23	-	400,696	-	458,119	-	-
Bank overdraft	22a)	-	8,408	-	-	-	-
		-	441,527	-	492,315	-	-

Valuation techniques and significant unobservable inputs

There were no Level 2 or Level 3 classifications held during the relevant financial years.

Transfers between Levels 1 and 2

There were no transfers between Level 1 and Level 2 during the financial year. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the financial year.

Note 30 Auditor's remuneration

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

	2021 $	2020 $
Audit and review services		
- Audit and review of financial statements	5,000	4,800
Non audit services		
- Taxation advice and tax compliance services	600	600
- General advisory services	1,685	3,160
- Share registry services	2,748	-
Total auditor's remuneration	10,033	8,560

Note 31 Related parties

a) Details of key management personnel

The directors of the company during the financial year were:

Stephen David Mitchinson
Ignazio Rocco Moro
Terry Ross Finlayson
Pamela Govender
Terresa Anne Lynes
Daniel Stephen Newman
Viet Quoc Le
Raymond Norvill

b) Key management personnel compensation

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

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

c) Related party transactions

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

	2021 $	2020 $
Transactions with related parties		
- Iggy Moro's business, Walker Wayland (WA) Pty Ltd, of which Iggy is a 1/3 owner, was engaged to provide bookkeeping, finance and corporate services. The total benefit received was:	16,000	15,636
- Kate Vivian was reimbursed for miscellaneous goods. The total benefit received was:	-	175
- Terresa Lynes was reimbursed for miscellaneous goods. The total benefit received was:	540	-
- Daniel Newman was reimbursed for meetings. The total benefit received was:	-	105
Total transactions with related parties	16,540	15,916

Note 32 Franking account

a) Franking account balance

	2021 $	2020 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	250,178	246,784
Franking transactions during the financial year:		
- Franking credits from franked distributions received	1,440	3,394
Franking account balance at the end of the financial year	251,618	250,178

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 33 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 $
Loss attributable to ordinary shareholders	(42,177)	(137,092)
	Number	Number
Weighted-average number of ordinary shares	592,180	592,180
	Cents	Cents
Basic and diluted loss per share	(7.12)	(23.15)

Note 34 Commitments

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

Note 35 Contingencies

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

Note 36 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 Gosnells 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.

Stephen David Mitchinson, Chair

Dated this 7th day of September 2021

Independent audit report

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03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gosnells 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 Gosnells Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

Partners in success
Chartered Accountants

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 7 September 2021

Joshua Griffin
Lead Auditor

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Bendigo Bank