Annual Report 2022

Barwon Heads Community Enterprise Limited

Community Bank
Barwon Heads

ABN 68 149 465 396

Contents

Chair's report

For year ending 30 June 2022

It is a pleasure to be able to submit the Chair's report for the 2021-22 financial year. Yet again the phase "challenging year" can be appropriately applied to summarise what has been an eventful 12 months.

Firstly, I would like to acknowledge the branch team and thank them for their efforts and contribution. As many of you would know, in late 2021, four of our core team members in Kevin (retirement), Rachel (returning to teaching), Nick (moved to Ballarat) and Kyla (post maternity leave to work with TAC) decided to move on from Community Bank Barwon Heads. Losing over 50% of our team in a short period of time did result in significant pressure on the remaining branch team to continue to operate and serve our customers. I would particularly like to highlight and acknowledge both Chloe Dunkley and Cassie Penno who worked tirelessly to keep the branch operating on a day-to-day basis. I would also like to thank the Bendigo Bank network and specifically our previous Regional Manager, Mark Cunneen, for the support provided during this very challenging period.

However, change brings opportunity and we are really pleased with the team we have been able to bring to the branch. A six-month process was very well worth the wait as we have our new Branch Manager in Kellie Thomson. Kellie started towards the end of FY2021-22 and already has had a positive impact with our branch team and customers. Also, this year Tamie Reynolds joined us from the Ocean Grove Branch whilst Niva Kamitoni and Caitlyn McGeorge have joined the branch team. Fresh faces, new ideas and a lot of positive momentum as we head into FY2022-23. I look forward to what this team will achieve of the next 12 months and sharing those highlights with you in the next Annual Report.

Secondly, to our customers and our community – thank you! As Kellie has highlighted in the Branch Manager's report FY2021-22 was a challenging year. Whilst our financial performance wasn't in line with our original aspirations, given the combination of the COVID-19 environment, our change in branch team and the broader economic environment, I am really proud of what we have achieved. This is only possible thanks to our loyal customers and community who continue to support Community Bank Barwon Heads.

Our Vision is

To be your community bank – community driven

with a Mission to

Create lasting and meaningful impacts for our communities.

The primary way in which we deliver on this is through our sponsorship and grants of local community groups. In FY2021-22 we supported 12 community and sporting groups with $59,842. What was particularly pleasing was the engaging conversations with our sporting and community groups and their increasing focus on broader diversity, inclusivity and participation – which is an ongoing area of interest for us as a Board.

From a meaningful impact perspective, the highlight of this year was Legacy Project 2. We successfully launched and managed a broad community engagement process with ten community groups submitting and pitching their ideas as to how we can create lasting legacies. As a Board, we were really pleased to be able to commit nearly $200, 000 to support four projects focusing on a number of areas - Plastic Free Barwon Heads, Gardens for Wildlife, Refurbishment of the Barwon Estuary Heritage Centre and a commitment to financial support the project for a new tower and all-access public viewing platform at Bancoora Beach. We would like to thank all who participated in this process and the 80 plus community members who came and provided their input and feedback as part of the Pitch Night process.

Finally, to our Board. A big thank you to our previous Chair Ross Walter who stepped down after over four years as a Board member. Ross made a significant contribution to Community Bank Barwon Heads over the years across Business Development, Grants, on the Executive Committee and most recently as Chair. Lindy Mills, Alastair Thomson and Jason Hutton also resigned from the Board and I would like to thank them for their significant contribution. After five years of noteworthy service, our Board Secretary Ewa Janezic resigned from this position and I would also like to acknowledge Ewa for her commitment and contribution to the Board and our branch.

One of the many great aspects of the Barwon Heads community is the amazing talent that exists and so we are extremely pleased to have a number of new Board Members join us throughout this year and I look forward to working with them as they evolve and enhance our branch and the impact we have on our community.

As a community owned bank, we are extremely fortunate to have a loyal and committed shareholder group. It is appropriate to close this Chair's report with acknowledgement and appreciation for your ongoing support of Community Bank Barwon Heads.

A final comment, there is no doubt that FY2022-23 will have its own surprises and challenges. But I am really hopeful that you share the optimism that I have for this next financial year. Our "new" branch, a refreshed Board and improved connections with Bendigo Bank and our local branch network are all positive indicators that we will achieve what is possible in FY2022-23 so we can continue ***To be your community bank – community driven*** and ***Create lasting and meaningful impacts for our communities***.

Damien O'Malley
Chair

Manager’s report

For year ending 30 June 2022

It is with pleasure that I submit my first annual report as Branch Manager of Community Bank Barwon Heads. Having been here for only a short time of 2021-22 financial year I have enjoyed the chance to be involved in a very active community and work with a new and motivated team of staff and Directors.

Community Bank Barwon Heads had a challenging year – the continuing impact of the COVID-19 pandemic along with staff changes had an influence on the growth of the business with the overall business holdings reducing to $154.25 million down from $169.1 million at the end of 2020-21. This was due to a decrease in all areas of the business with deposits seeing negative growth of $12.7 million and lending negative growth of $0.1 million. Customer numbers increased by 6.2% which shows a continued positive trend since establishment in 2012. Customer satisfaction continues to remain positive at 4.95 against a target of 4.70 which is an absolute credit to the team that have worked so hard through a very challenging year.

Since conception, Barwon Heads Community Enterprise Limited has gifted over $650,000 to the Barwon Heads community. I would like to thank the Barwon Heads community groups for partnering with us. Being part of events and everyday activities in our community is what Bendigo Bank is all about and I know that all the team have enjoyed being involved and assisting over the year. We look forward to strengthening and creating new partnerships in the year ahead.

We have a fairly new team who are keen to be involved in all aspects of the community. Whilst the new normal is very different to what things were like two years ago the team at Community Bank Barwon Heads are committed to assisting the customers, Directors, shareholders and the community as a whole in any way we can.

In conclusion, I would like to thank the Barwon Heads community, the volunteer Board of Directors and our Bendigo Bank regional team for their support. To our motivated Community Bank Barwon Heads branch team your positive attitude, dedication and the pride you have in your work is how we can be successful going forward. Building the business and supporting the community throughout 2022-23

Kellie Thomson
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia's most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2022

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2022.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	**Damien Patrick O'Malley**
Title:	Chair
Experience and expertise:	Founder and Senior Consultant of strategic HR consulting business and co-founder of strategic off-sites consulting business. Clients include commercial / non-for-profit organisations in health, hospitality, infrastructure, financial services, legal services & retail. Previous experience as senior HR practitioner in leading national business in financial services, directories, gambling & entertainment, aviation and retail. Masters of Human Resources Development (UTS), Bachelor of Arts (Adelaide University), accredited as Executive Coach and number of leadership, team and cultural diagnostics.
Special responsibilities:	Business Development Committee

Name:	**Edmund Jepson McCabe**
Title:	Non-executive director
Experience and expertise:	Retired sessional member of Victorian Civil & Administrative Tribunal (22 years). Previously a partner in the legal firm of Brown & Proudfoot, Horsham for 40 years, a Director of GWM Water and a Board member and President of Wimmera Health Care Group, Life Governor of Wimmera Health Care Group, Life member of Horsham Apex Club and Life Member of Wimmera Football League.
Special responsibilities:	Executive Committee

Name:	**Nishantha Lakshman Paranavitana**
Title:	Non-executive director
Experience and expertise:	Nishantha has been a freelance photographer for the past 8 years, running a photography business. Prior to that, Nishantha was a Financial Planner and worked in the Banking and Finance industry for 23 years. Qualifications include an Advanced Diploma in Photography and a Diploma in Financial Planning.
Special responsibilities:	Business Development and Marketing Committee

Name:	**Alexander Gordon Scott Gemmell**
Title:	Non-executive director
Experience and expertise:	Member Institute of Chartered Accountants of Scotland. Bachelor in Accounting from Edinburgh University. Qualified with one of the Big Four accounting practices then held senior roles in financial, logistics and general management across international chemical and food businesses. Thereafter CEO of a major Not-for-Profit operating in aged care, retirement living, disability, youth and children's services. Latterly a consultant to the aged care and retirement sectors.
Special responsibilities:	Business Development and Marketing Committee

Directors (continued)

Name:	**Christine Mary McDonald**
Title:	Non-executive director
Experience and expertise:	Christine has had a wide range of experience as a Math & Computer Science teacher, RAN Officer working in the areas of electronics, training and media, Finance Officer and BAS Agent.
Special responsibilities:	Treasurer, Community Development Committee and Grants Committee

Name:	**Madeline Bent**
Title:	Non-executive director (appointed 24 August 2021)
Experience and expertise:	Bachelor of Business and Arts in International Trade and Asian Studies, Advanced Diploma in Building Design (Architectural). After finishing her studies, Madeleine was an assistant English teacher at a middle school in Japan. Having lived in Barwon Heads since 1999, Madeleine now lives in Connewarre. Madeleine has run her own Building Design business with a focus on residential design for the last decade. Previous volunteering experience with various sporting clubs her children were participants in and the Barwon heads Primary School council for three years.
Special responsibilities:	Nil

Name:	**Anthony James Gurry**
Title:	Non-executive director (appointed 1 April 2022)
Experience and expertise:	Bachelor of Commerce from Melbourne University, Fellow of Institute of Chartered Accountants. Practised as an Accountant in Hamilton, Victoria for over 40 years. Served on the Board as President for Currawong House, Hamilton Base Hospital and Mulleraterong Centre Inc. Life member of Hamilton Base Hospital and Mulleraterong Centre Inc.
Special responsibilities:	Operations and Culture Committee

Name:	**David Ian Patrick**
Title:	Non-executive director (appointed 2 June 2022)
Experience and expertise:	After retiring from senior management positions in a large multinational companies, I undertook consultancy positions with various public companies focusing on the Logistics and Procurement functions. Since being welcomed into the Barwon Heads community a number of years ago I wanted to contribute back into that community, hence my decision to join the board.
Special responsibilities:	Member of Governance and Strategy Committee

Name:	**Jason Anthony Hutton**
Title:	Non-executive director (resigned 26 July 2021)
Experience and expertise:	Jason is currently a consultant IT Technical Architect and has over 25 years in the IT industry from system support and design to management. He moved to Barwon Heads ten years ago and has since been involved with various local community groups and is currently on the Barwon Heads Tennis Club committee. Jason has been a member of the board since July 2018.
Special responsibilities:	Business Development Committee

Directors (continued)

Name:	**David John Halliday**
Title:	Treasurer & Secretary (resigned 23 November 2021)
Experience and expertise:	David was previously a Chartered Accountant and partner in a Melbourne firm before moving to Echuca in 1986 to work in his own business. He semi-retired and moved to Barwon Heads 8 years ago. He now runs a number of small businesses from home focusing on the administration with operational managers based in Echuca. Until recently David was a Board Member of Echuca Community for the Aged. David had been a member of the Board since May 2016.

Name:	**Lindy Brooke Mills**
Title:	Non-executive director (resigned 26 April 2022)
Experience and expertise:	Lindy is an accomplished project manager with a passion for improving health, education and the environment. She has delivered innovative programs, including Jamie's Ministry of Food, Stephanie Alexander's Kitchen Garden Program and Skilling the Bay. Currently, Lindy works to improve educational and employment outcomes among vulnerable students and community members. She is very committed to building a strong and sustainable local community and is passionate about our environment. Lindy holds a Bachelor of Arts, Bachelor of Science and a Masters of Wine Business.
Special responsibilities:	Chair of Community Development and Grants Committee

Name:	**Alastair Robert Lawrence Thomson**
Title:	Non-executive director (resigned 1 July 2022)
Experience and expertise:	Licensed Real Estate Agent for 10 years. Director/Owner of a local Real Estate business. Previously 10 years as the Owner Operator of a retail garden centre. Bachelor of Applied Sciences (Horticulture). Over 20 years experience operating small business. Secretary Barwon Heads Cricket Club, Under 9's coach Barwon Heads Soccer Club. Resident of Barwon Heads for 16 years, still not classified as a local.
Special responsibilities:	Business Development and Marketing Committee

Name:	**Ross Kenneth Walter**
Title:	Non-executive Director (resigned 25 July 2022)
Experience and expertise:	Holding a Bachelor of Business in Supply Chain Management, Ross has over 25 years' experience in operations, logistics, retailing, supply chain management, procurement and systems. He has held a number of General Management positions with logistics, liquor, healthcare, food wholesaling and FMCG companies with a key focus on business processes, business efficiency, integration of systems and holistic leadership. He has also held a range of positions in sporting and community groups including senior coaching roles, committee and chair. This included a position as a Board Director of Victorian Water polo Inc. Ross is involved in many local sporting clubs and groups including social AFL football, basketball, and supporting men's' health causes and charities. Ross has been a member of the Board since 2016.
Special responsibilities:	Community Development Committee and Grants Committee

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

Company secretary

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

- Edmund McCabe was appointed company secretary on 27 June 2022.
- David Halliday was appointed as company secretary on 26 October 2020 and ceased 23 November 2021.
- Christine McDonald was appointed as interim company secretary on 22 November 2021 and ceased on 26 June 2022.

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 this activity during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to $60,070 (30 June 2021: $57,648).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 $	2021 $
Fully franked dividend of 7 cents per share (2021: 7 cents)	57,222	57,222

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial 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 under Australian Commonwealth or State law.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board		Business Development & Marketing		Operations & Culture		Governance & Strategy		Executive	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Damien O'Malley	12	12	11	9	2	2	1	1	3	3
Ross Walter	12	10	-	-	-	-	-	-	3	2
Edmund McCabe	12	12	-	-	-	-	-	-	3	3
Nishantha Paranavitana	12	9	11	8	-	-	-	-	-	-
Alexander Gemmell	12	11	9	7	2	2	1	1	-	-
Christine McDonald	12	12	-	-	2	2	-	-	3	3
Alistair Thomson	12	11	11	6	-	-	-	-	-	-
Madeleine Bent	11	9	11	11	-	-	-	-	-	-
Anthony Gurry	5	4	-	-	-	-	-	-	1	1
David Patrick	2	2	-	-	-	-	1	1	-	-
Jason Hutton	1	1	1	1	-	-	-	-	-	-
David Halliday	5	5	-	-	-	-	-	-	-	-
Lindy Mills	11	8	10	10	-	-	-	-	-	-

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.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Damien Patrick O'Malley	-	-	-
Ross Kenneth Walter	-	-	-
Edmund Jepson McCabe	1,000	-	1,000
Nishantha Lakshman Paranavitana	-	-	-
Alexander Gordon Scott Gemmell	-	-	-
Christine Mary McDonald	-	-	-
Alistair Robert Lawrence Thomson	6,250	-	6,250
Madeleine Bent	-	-	-
Anthony James Gurry	-	-	-
David Ian Patrick	-	-	-
Jason Anthony Hutton	-	-	-
David John Halliday	15,000	-	15,000
Lindy Brooke Mills	-	-	-

Indemnity 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.

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*.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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 29 to the accounts.

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

- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- 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 immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Damien Patrick O'Malley
Chair

9 September 2022

Auditor's independence declaration

Andrew Frewin Stewart
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 Barwon Heads Community Enterprise Limited

As lead auditor for the audit of Barwon Heads Community Enterprise Limited for the year ended 30 June 2022, 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: 9 September 2022

Adrian Downing
Lead Auditor

Financial statements

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	855,475	889,208
Other revenue	7	27,244	60,966
Finance revenue		802	5,207
Employee benefits expense	8	(372,817)	(429,291)
Advertising and marketing costs		(8,355)	(8,391)
Occupancy and associated costs		(31,303)	(26,507)
System costs		(30,991)	(33,974)
Depreciation and amortisation expense	8	(113,403)	(112,738)
Finance costs	8	(19,025)	(21,245)
General administration expenses		(71,184)	(59,834)
Fair value losses on financial assets		(53,707)	-
Profit before community contributions and income tax expense		**182,736**	**263,401**
Charitable donations and sponsorships expense		(97,474)	(187,571)
Profit before income tax expense		**85,262**	**75,830**
Income tax expense	9	(25,192)	(18,182)
Profit after income tax expense for the year	**22**	**60,070**	**57,648**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**60,070**	**57,648**
		Cents	**Cents**
Basic earnings per share	31	7.35	7.05
Diluted earnings per share	31	7.35	7.05

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	462,784	986,149
Trade and other receivables	11	60,824	59,844
Total current assets		**523,608**	**1,045,993**
Non-current assets			
Financial assets	14	546,099	-
Investment properties	15	80,460	16,185
Property, plant and equipment	12	55,701	65,933
Right-of-use assets	13	295,259	417,324
Intangibles	16	89,035	48,257
Deferred tax assets	9	22,427	10,878
Total non-current assets		**1,088,981**	**558,577**
Total assets		**1,612,589**	**1,604,570**
Liabilities			
Current liabilities			
Trade and other payables	17	39,291	18,972
Lease liabilities	18	72,314	66,678
Current tax liabilities	9	18,367	4,106
Employee benefits	19	6,096	17,952
Total current liabilities		**136,068**	**107,708**
Non-current liabilities			
Trade and other payables	17	43,894	-
Lease liabilities	18	323,128	380,965
Employee benefits	19	230	9,545
Provisions	20	1,607	1,538
Total non-current liabilities		**368,859**	**392,048**
Total liabilities		**504,927**	**499,756**
Net assets		**1,107,662**	**1,104,814**
Equity			
Issued capital	21	789,491	789,491
Retained earnings	22	318,171	315,323
Total equity		**1,107,662**	**1,104,814**

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity
for the year ended 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		789,491	314,897	1,104,388
Profit after income tax expense		-	57,648	57,648
Transactions with owners in their capacity as owners:				
Dividends provided for	24	-	(57,222)	(57,222)
Balance at 30 June 2021		**789,491**	**315,323**	**1,104,814**
Balance at 1 July 2021		789,491	315,323	1,104,814
Profit after income tax expense		-	60,070	60,070
Transactions with owners in their capacity as owners:				
Dividends provided for	24	-	(57,222)	(57,222)
Balance at 30 June 2022		**789,491**	**318,171**	**1,107,662**

The above statement of changes in equity should be read in conjunction with the accompanying notes

Statement of Cash Flows
for the year ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		974,571	1,026,500
Payments to suppliers and employees (inclusive of GST)		(714,784)	(816,627)
		259,787	209,873
Interest received		702	6,384
Income taxes paid		(22,480)	(38,442)
Net cash provided by operating activities	**30**	**238,009**	**177,815**
Cash flows from investing activities			
Payments for financial assets		(600,000)	-
Payments for property, plant and equipment		(3,182)	-
Payments for intangibles		(12,700)	(13,614)
Net cash used in investing activities		**(615,882)**	**(13,614)**
Cash flows from financing activities			
Dividends paid	24	(57,222)	(57,222)
Repayment of lease liabilities	18	(88,270)	(85,001)
Net cash used in financing activities		**(145,492)**	**(142,223)**
Net increase/(decrease) in cash and cash equivalents		**(523,365)**	**21,978**
Cash and cash equivalents at the beginning of the financial year		986,149	964,171
Cash and cash equivalents at the end of the financial year	**10**	**462,784**	**986,149**

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

The financial statements cover Barwon Heads Community Enterprise Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 70 Hitchcock Avenue, Barwon Heads, VIC 3227

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 September 2022. The directors have the power to amend and reissue the financial statements.

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.

Note 3. Significant accounting policies

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

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 2021, 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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 3. Significant accounting policies (continued)

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 2022.

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 any impairment loss.

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.

Goods and Services Tax (GST)

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.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

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: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

Note 4. Critical accounting judgements, estimates and assumptions (continued)

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.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 5. Economic dependency

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

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	731,120	768,716
Fee income	48,708	50,729
Commission income	75,647	69,763
Revenue from contracts with customers	**855,475**	**889,208**

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

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

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

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

All revenue is stated net of the amount of 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 which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

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

Note 6. Revenue from contracts with customers (continued)

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Market development fund	2,500	13,125
Cash flow boost	-	20,253
Dividend and distribution income	4,101	-
Rental income	20,643	19,994
Other income	-	7,594
Other revenue	**27,244**	**60,966**

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Rental income	Rental income from right-of-use assets subleased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
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 GST.

Note 7. Other revenue (continued)

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 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	12,775	12,666
Plant and equipment	639	1,709
	13,414	**14,375**
Depreciation of right-of-use assets		
Leased land and buildings	57,332	60,075
Investment property	17,571	12,177
	74,903	**72,252**
Amortisation of intangible assets		
Franchise fee	1,262	2,232
Franchise renewal fee	11,141	11,196
Domiciled customer accounts	12,683	12,683
	25,086	**26,111**
	113,403	**112,738**

Finance costs

	2022 $	2021 $
Lease interest expense	18,956	21,179
Unwinding of make-good provision	69	66
	19,025	**21,245**

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

Note 8. Expenses (continued)

Employee benefits expense

	2022 $	2021 $
Wages and salaries	324,237	366,886
Superannuation contributions	35,239	37,091
Expenses related to long service leave	(7,257)	5,698
Other expenses	20,598	19,616
	372,817	**429,291**

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**13,570**	**14,815**

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.

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	36,742	25,481
Movement in deferred tax	(11,550)	(7,734)
Reduction in company tax rate	-	435
Aggregate income tax expense	**25,192**	**18,182**
Prima facie income tax reconciliation		
Profit before income tax expense	85,262	75,830
Tax at the statutory tax rate of 25% (2021: 26%)	21,316	19,716
Tax effect of:		
Other deductible expenses	3,876	3,297
Reduction in company tax rate	-	435
Other assessable income	-	(5,266)
Income tax expense	**25,192**	**18,182**

Note 9. Income tax (continued)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	2,112	85
Employee benefits	1,582	6,874
Lease liabilities	98,860	111,911
Provision for lease make good	402	385
Accrued expenses	(26)	-
Right-of-use assets	(93,930)	(108,377)
Financial assets at fair value through profit or loss	13,427	-
Deferred tax asset	**22,427**	**10,878**

	2022 $	2021 $
Provision for income tax	**18,367**	**4,106**

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current 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.

Accounting policy for deferred tax

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	406,030	329,517
Term deposits	56,754	656,632
	462,784	**986,149**

Note 10. Cash and cash equivalents (continued)

Accounting policy for 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 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	54,048	55,490
Other receivables	2,136	-
Accrued income	100	-
Prepayments	4,540	4,354
	6,776	4,354
	60,824	**59,844**

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	147,561	144,378
Less: Accumulated depreciation	(99,238)	(86,462)
	48,323	**57,916**
Plant and equipment - at cost	41,250	41,250
Less: Accumulated depreciation	(33,872)	(33,233)
	7,378	**8,017**
	55,701	**65,933**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2020	70,582	9,726	80,308
Depreciation	(12,666)	(1,709)	(14,375)
Balance at 30 June 2021	**57,916**	**8,017**	**65,933**
Additions	3,182	-	3,182
Depreciation	(12,775)	(639)	(13,414)
Balance at 30 June 2022	**48,323**	**7,378**	**55,701**

Note 12. Property, plant and equipment (continued)

Accounting policy for 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.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5 to 10 years
Plant and equipment	1 to 40 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	485,920	550,653
Less: Accumulated depreciation	(190,661)	(133,329)
	295,259	**417,324**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Land and buildings $	Total $
Balance at 1 July 2020	396,475	396,475
Remeasurement adjustments	80,924	80,924
Depreciation expense	(60,075)	(60,075)
Balance at 30 June 2021	**417,324**	**417,324**
Remeasurement adjustments	(64,733)	(64,733)
Depreciation expense	(57,332)	(57,332)
Balance at 30 June 2022	**295,259**	**295,259**

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. 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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 18 for more information on lease arrangements.

Note 14. Financial assets

	2022 $	2021 $
Equity securities - designated at fair value through profit or loss	**546,099**	**-**

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	-	-
Additions	600,000	-
Revaluation decrements	(53,707)	-
Income reinvested	4,101	-
Expenses paid	(4,295)	-
Closing carrying amount	**546,099**	**-**

Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Note 15. Investment properties

	2022 $	2021 $
Investment property - sublease - at cost	130,400	48,554
Less: Accumulated depreciation	(49,940)	(32,369)
	80,460	**16,185**

Reconciliation

Reconciliation of the beginning and end of the current and previous financial year are set out below:

Opening balance	16,185	109,285
Remeasurement adjustments	81,846	(80,923)
Depreciation expense	(17,571)	(12,177)
Closing amount	**80,460**	**16,185**

Minimum lease commitments receivable but not recognised in the financial statements:

	2022 $	2021 $
1 year or less	21,523	20,288
Between 1 and 4 years	86,094	-
	107,617	**20,288**

The operating sublease is a three year lease which commenced June 2019 and ceased on 30 June 2022. The company has negotiated an extension of the sub-lease agreement subsequent to the reporting date which extends the lease term to 30 June 2027.

Note 15. Investment properties (continued)

Accounting policy for investment properties - sublease

The company subleases some of its property. The company initially measures the head lease in accordance with the accounting polices in note 18 'Lease liabilities' and note 13 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property.

Note 16. Intangibles

	2022 $	2021 $
Domiciled customer accounts	63,415	63,415
Less: Accumulated amortisation	(38,049)	(25,366)
	25,366	**38,049**
Franchise fee	32,169	21,192
Less: Accumulated amortisation	(21,558)	(20,296)
	10,611	**896**
Franchise renewal fee	110,848	55,961
Less: Accumulated amortisation	(57,790)	(46,649)
	53,058	**9,312**
	89,035	**48,257**

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Domiciled customer accounts $	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	50,732	3,128	20,508	74,368
Amortisation expense	(12,683)	(2,232)	(11,196)	(26,111)
Balance at 30 June 2021	**38,049**	**896**	**9,312**	**48,257**
Additions	-	10,977	54,887	65,864
Amortisation expense	(12,683)	(1,262)	(11,141)	(25,086)
Balance at 30 June 2022	**25,366**	**10,611**	**53,058**	**89,035**

Additions

During the previous financial year the Barwon Heads franchise fee was renewed. This is to be amortised over five years to June 2027.

Accounting policy for 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. The company has also acquired a customer list from Bendigo Bank.

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.

Note 16. Intangibles (continued)

The franchise fees paid by the company and domiciled customer accounts acquired are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having a 5 year useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

Asset class	Method	Useful life	Expiry/renewal date
Domiciled customer accounts	Straight-line	5 years	June 2024
Franchise fee	Straight-line	Over the franchise term (5 years)	May 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	May 2027

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

Change in estimates

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

Note 17. Trade and other payables

	2022 $	2021 $
Current liabilities		
Other payables and accruals	**39,291**	**18,972**
Non-current liabilities		
Other payables and accruals	**43,894**	**-**

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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

Note 18. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	88,230	84,999
Unexpired interest	(15,916)	(18,321)
	72,314	**66,678**
Non-current liabilities		
Land and buildings lease liabilities	352,920	425,000
Unexpired interest	(29,792)	(44,035)
	323,128	**380,965**

Note 18. Lease liabilities (continued)

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	447,643	511,465
Remeasurement adjustments	17,113	-
Lease interest expense	18,956	21,179
Lease payments - total cash outflow	(88,270)	(85,001)
	395,442	**447,643**

Maturity analysis

	2022 $	2021 $
Not later than 12 months	88,230	84,999
Between 12 months and 5 years	352,920	340,000
Greater than 5 years	-	85,000
	441,150	**509,999**

Accounting policy for 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.

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

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

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

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

The company's lease portfolio includes:

Barwon Heads Branch	The lease agreement commenced in September 2017. A 7 year lease term was exercised in July 2020. As such, the lease term end date used in the calculation of the lease liability is June 2027. The discount rate used in calculations is 4.39%.

Note 19. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	**6,096**	**17,952**
Non-current liabilities		
Long service leave	**230**	**9,545**

Accounting policy for 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 salaries and wages 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.

Superannuation contributions

Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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.

Note 20. Provisions

	2022 $	2021 $
Lease make good	**1,607**	**1,538**

Lease make good

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 to be $2,000 for the Barwon Heads branch lease, based on experience and consideration of the expected future costs to remove all fittings as well as cost to remedy any damages caused during the removal process. The lease is due to expire on June 2027 at which time it is expected the face-value costs to restore the premises will fall due.

Note 20. Provisions (continued)

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 21. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	817,464	817,464	817,464	817,464
Less: Equity raising costs	-	-	(27,973)	(27,973)
	817,464	**817,464**	**789,491**	**789,491**

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being $1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Note 21. Issued capital (continued)

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").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 241. As at the date of this report, the company had 265 shareholders (2021: 266 shareholders).

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

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

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

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

Note 22. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	315,323	314,897
Profit after income tax expense for the year	60,070	57,648
Dividends paid (note 24)	(57,222)	(57,222)
Retained earnings at the end of the financial year	**318,171**	**315,323**

Note 23. Capital management

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

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

The distribution limit is the greater of:

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

Note 23. Capital management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year 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 24. Dividends

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2022 $	2021 $
Fully franked dividend of 7 cents per share (2021: 7 cents)	**57,222**	**57,222**

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	158,904	140,567
Franking credits (debits) arising from income taxes paid (refunded)	22,481	38,442
Franking debits from the payment of franked distributions	(19,074)	(20,105)
	162,311	**158,904**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	162,311	158,904
Franking credits (debits) that will arise from payment (refund) of income tax	18,367	4,106
Franking credits available for future reporting periods	**180,678**	**163,010**

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%.

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 25. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	54,148	55,490
Cash and cash equivalents	462,784	986,149
Financial assets	546,099	-
	1,063,031	**1,041,639**
Financial liabilities		
Trade and other payables	83,185	18,972
Lease liabilities	395,442	447,643
	478,627	**466,615**

Note 25. Financial instruments (continued)

Accounting policy for financial instruments

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

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, except for the equity securities which remain at fair value through profit or loss (FVTPL).

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.

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.

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.

Equity Price risk

All of the company's financial assets are managed investments through IOOF. Changes in equity securities value is recognised through profit or loss or other comprehensive income.

2022	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	**54,610**	**13,652**	(10%)	**(54,610)**	**(13,652)**

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 $462,784 at 30 June 2022 (2021: $986,149). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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 25. Financial instruments (continued)

Liquidity risk

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

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	39,291	43,894	-	83,185
Lease liabilities	88,230	352,920	-	441,150
Total non-derivatives	**127,521**	**396,814**	**-**	**524,335**

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	18,972	-	-	18,972
Lease liabilities	84,999	340,000	85,000	509,999
Total non-derivatives	**103,971**	**340,000**	**85,000**	**528,971**

Note 26. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	546,099	-	-	546,099
Total assets	**546,099**	**-**	**-**	**546,099**

There were no transfers between levels during the financial year.

Note 27. Key management personnel disclosures

The following persons were directors of Barwon Heads Community Enterprise Limited during the financial year:

Damien Patrick O'Malley
Ross Kenneth Walter
Edmund Jepson McCabe
Nishantha Lakshman Paranavitana
Alexander Gordon Scott Gemmell
Christine Mary McDonald
Alistair Robert Lawrence Thomson
Madeleine Bent
Anthony James Gurry
David Ian Patrick
Jason Anthony Hutton
David John Halliday
Lindy Brooke Mills

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.

Note 28. Related party transactions

There were no transactions with related parties during the current and previous financial year.

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Taxation advice and tax compliance services	600	600
General advisory services	3,185	2,960
Share registry services	3,806	3,346
	7,591	6,906
	12,791	**11,906**

Note 30. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	60,070	57,648
Adjustments for:		
Depreciation and amortisation	113,403	112,738
(Profit)/loss on financial assets at FVTPL	53,707	-
Net effect of (income)/expenses paid through equity securities	194	-
Lease liabilities interest	18,956	21,179

Note 30. Reconciliation of profit after income tax to net cash provided by operating activities (continued)

	2022 $	2021 $
Change in operating assets and liabilities:		
Increase in trade and other receivables	(980)	(15,773)
Decrease/(increase) in deferred tax assets	(11,549)	6,315
Increase/(decrease) in trade and other payables	11,049	(2,219)
Increase/(decrease) in provision for income tax	14,261	(12,961)
Increase/(decrease) in employee benefits	(21,171)	10,822
Increase in other provisions	69	66
Net cash provided by operating activities	**238,009**	**177,815**

Note 31. Earnings per share

	2022 $	2021 $
Profit after income tax	**60,070**	**57,648**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	817,464	817,464
Weighted average number of ordinary shares used in calculating diluted earnings per share	**817,464**	**817,464**

	Cents	Cents
Basic earnings per share	7.35	7.05
Diluted earnings per share	7.35	7.05

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Barwon Heads Community Enterprise Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 32. Commitments

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

Note 33. Contingencies

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

Note 34. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Damien Patrick O'Malley
Chair

9 September 2022

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of Barwon Heads Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Barwon Heads Community Enterprise Limited's (the company), which comprises:

- Statement of financial position as at 30 June 2022
- 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 Barwon Heads Community Enterprise 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 2022 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.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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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: 9 September 2022

Adrian Downing
Lead Auditor

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Bendigo Bank