

Annual Report 2022

Katoomba & Upper Blue
Mountains Community
Enterprise Limited

Community Bank
Katoomba & Upper Blue Mountains

ABN 55 134 947 201

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Chairman's report

For year ending 30 June 2022

We have had another good year of profits, but behind that there have been some mixed results.

The climate of very low interest rates over the previous twelve months, while good for the borrower has led to a somewhat reduced cashflow to the bank. In the past as the business on the books has grown we have become used to a parallel increase in returns. This has not been so evident in the reporting period.

We are hopeful that given a return to more "normal" interest rates the link will be re-established.

The Board is conscious of continuing changes to banking in Australia and we are still seeing more branch closures by our competitors in the local area. COVID-19 has also led indirectly to a huge reduction in the amount of cash circulating in the community.

Our business, of course, is about making profits that can be used to support our community in many and varied ways and I would encourage you to look at the list included in this year's report of those organisations and events that we have supported.

As an addition to our staff we are pleased to welcome Deb Presland who joined us in April this year. She has both a long-term relationship with our community and considerable experience in banking.

The Board is looking forward to another good year of growth.



Robert Stock
Chairman

Manager's report

For year ending 30 June 2022

Welcome to the annual report for the Community Bank Katoomba-Upper Blue Mountains.

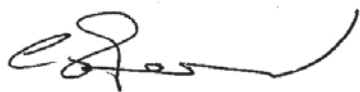
Firstly, I would like to acknowledge the hard work of the inaugural Branch Manager Brigitte Mackenzie, who left the branch during the year. Brigitte was both a passionate and powerhouse banker that not only laid the platform for the branch to be formed but steered the branch for eleven successful and profitable years, as well as assisting with numerous Community projects and support.

Despite the continuing challenges of natural disasters, the lingering issues caused by COVID-19, the ever-changing banking landscape, which saw three financial institutions close their doors and one other significantly reduce opening hours in the Upper Blue Mountains, our Community Bank significantly grew its banking landscape and customer base during the year.

We have also expanded to open an Agency outlet located at Blaxland Day & Night Pharmacy and additional staff were employed. We welcomed the option to provide additional face-to-face banking, which is a key differential of our service delivery.

A further differential by being a Community Bank our charter is to distribute 80% of our operating profits by way of various sponsorships and support to charities and not profit operations, local schools, community events and sporting groups. The Bendigo Community Bank model is unique and one we are proud to be a part of, having to date contributing a staggering \$633,215 to various entities directly benefitting local Community groups.

I would like to take this opportunity to thank the staff, Pat, Monica, Adele, Tina, and Deb, the Board of Directors, who volunteer their valuable time, the shareholders, and the Bendigo Bank support team, for all their assistance during the year. All have been fundamental in the continued success of the Bank.



Claude Adamati
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

2021-22 Sponsorships

For year ending 30 June 2022

During the year ended 30 June 2022 financial support, totalling \$67,420, was provided to the following organisations and community projects. Our support contributed to projects and activities with a total cost of more than \$442,700.



Lyttleton Gardens Inc. for additional growing plots for their "Farm It Forward" project	Blue Mountains Quilters for the Blue Mountains Quilt Show 2022
Can Assist - Blue Mountains for financial assistance to those undergoing or recovering from cancer	Blue Mountains Creative Artists Network for EMBRACE - Exploring a Regenerative Philosophy of Living
Walk 'n Talk for Life for their RU OK Community Ambassador - Walk 'n Talk project	Mountain Archers for equipment additions and/or replacements
Blackheath Public School for rejuvenation of garden	Wallerawang Football Club for replacement of equipment and subsidies of player fees
Wentworth Falls Public School P&C Association for Blue Mountains Artfest Online 2021	Mountains Fencing Club for its "Fencing Time" software training project
Thrive Services Limited for Baby/Toddler Basics Boxes	Blue Mountains Beekeepers Inc for metal safety hand railings for apiary access
Blue Mountains City Council for Carers Week - A Million Reasons to Care	First Hazelbrook Scout Group for fee assistance for disadvantaged families
Anglican Parish of Lawson Central Mountains for Xmas Lunch Fund	Springwood Neighbourhood Centre for its Raising Kin Support Resource booklet
Medlow Bath Residents Association for restoration of the Medlow Bath Park Aids Memorial	Springwood Neighbourhood Centre to the Blue Fringe ART & Literature Festival
Blue Mountains Croquet Club to upgrade club facilities - Seating for Seniors project	Rotary Club of Lower Blue Mountains for partnership with Rotary to share Images & Profiles in the Community
Toolo Limited for Toolo Program funding	Aust Breastfeeding Assoc - Blue Mountains for State branch conference travel - 2022
Counterpoint Children's Orchestra for annual advertising & instrument transportation project	Katoomba Rifle Club for range track upgrade
Kinship at Xmas for Christmas Lunch hamper project	Blue Mountains District Dart Association for sporting / dart shirts for representative players
Junction 142 for their shower & laundry service	Blue Mountains Bridge Club for its cardiac defibrillator project
Leura Golf Club for annual sponsorship	Blackheath Public School for its Billycart Derby event
Blue Mountains Christian College, Katoomba High School, Blue Mountains Grammar School and Blaxland High School for their student achievement prizes	Blue Mountains Creative Artists Network for Mountains Youth Film Making Mentorship
bentART for the annual bentART Exhibition 2022	Blue Mountains Aboriginal Culture Centre for their "Elders' support social/individual" project
Mountains Productions Inc. for the Blackheath Chamber Music Festival 2022	Blue Mountains Creative Artists Network for the MAX 22 - Artisan & Creative Industries Expo
Blue Mountains Creative Artists Network for the "Out of the Blue" exhibition in NSW Parliament House	
Wentworth Falls Football Club for football and sporting equipment	
3 Sisters Youth Theatre for the Youth Theatre Play Festival	

Directors' report

For the financial year ended 30 June 2022

The Directors present their report, together with the financial statements, on Katoomba and Upper Blue Mountains Community Enterprise Limited for the financial year ended 30 June 2022.

Board of Directors

The following persons were Directors of Katoomba and Upper Blue Mountains Community Enterprise Limited during the whole of the financial year up to the date of this report, unless otherwise stated:

Robert Nicholas Stock

Title: Chair
Qualifications: B.Science (Architecture), Dip Ed.
Experience & Expertise: Former councillor of the Blue Mountains City Council. Director of Kimbert Holdings P/L.

Charles Brooke Broughton

Title: Company Secretary
Qualifications: LL.B (Auckland)
Experience & Expertise: Retired professional association executive. Past president of the Leura Gardens Festival.

Mark John Jarvis

Title: Treasurer
Qualifications: B. Commerce (UNSW)
Experience & Expertise: Manager of the Carrington Hotel. President of the Katoomba Chamber of Commerce.

Peter Newton Carroll

Title: Non-Executive Director, Chair of Sponsorship committee
Qualifications: B. Rural Science, Master of Rural Science (UNE)
Experience & Expertise: Retired international banker. Vice president of Katoomba Chamber.

Jane Cherrill Canfield

Title: Non-Executive Director
Qualifications: Certificate in Graphic Design (Randwick TAFE)
Experience & Expertise: Professional artist and graphic designer. WIRES volunteer.

Jennifer Joy Ross

Title: Non-Executive Director
Qualifications: Dip.Teaching (Mitchell College). Teacher for 18 years
Experience & Expertise: Convenor of Friends of Blackheath Pool. Former board member of Neighbourhood Centre.

Directors' report (continued)

Board of Directors (continued)

Kerry Lee Brown

Title:	Non-Executive Director
Qualifications:	B. Arts. Horticulturist and Landscaper
Experience & Expertise:	Past councillor on Blue Mountains City Council. Former journalist. Consulted to WWF.

Tanya Kathryn James

Title:	Non-Executive Director
Qualifications:	Masters in Business Leadership & Communication Management
Experience & Expertise:	Principal of Positive Change & Development, executive coach to McKinsey Academy.

Bernard Philip Fehon

Title:	Non-Executive Director
Qualifications:	BE (Mech), M.Sc. (I.D.), DFP, GAICD
Experience & Expertise:	Founder - Vinnies CEO Sleepout. Former CEO of Blue Mtns Economic Enterprise.

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

No Directors have material interests in contracts or proposed contracts with the company.

Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings	
	A	B
Robert Nicholas Stock	11	11
Charles Brooke Broughton	11	10
Mark John Jarvis	11	9
Peter Newton Carroll	11	11
Jane Cherrill Canfield	11	6
Jennifer Joy Ross	11	10
Kerry Lee Brown	11	10
Tanya Kathryn James	11	6
Bernard Philip Fehon	11	8

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Charles Brooke Broughton

Qualifications:	LL.B (Auckland)
Experience & Expertise:	Retired professional association executive. Past President of the Leura Gardens Festival.

Directors' report (continued)

Principal Activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Operating Results

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

	30 June 2022 (\$)	30 June 2021 (\$)	Movement
Profit After Tax	213,227	274,362	-22%

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.

Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2021	Changes During the Year	Balance at 30 June 2022
Robert Nicholas Stock	9,001	-	9,001
Charles Brooke Broughton	3,501	-	3,501
Mark John Jarvis	101,201	(498)	100,703
Peter Newton Carroll	10,001	-	10,001
Jane Cherrill Canfield	501	1,000	1,501
Jennifer Joy Ross	501	-	501
Kerry Lee Brown	-	-	-
Tanya Kathryn James	-	501	501
Bernard Philip Fehon	501	-	501

Dividends

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

	Cents per Share	Total Amount (\$)
Final fully franked dividend	7.00	77,001
Total Amount	7.00	77,001

Directors' report (continued)

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant Changes in the State of Affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

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

Events Since the end of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely Developments

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

Environmental Regulations

The company is not subject to any significant environmental regulation.

Indemnification & Insurance of Directors & Officers

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

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

Proceedings on Behalf of the Company

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

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

Non-audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (RSD Audit) for audit and non-audit services provided during the year are set out in Note XX to the accounts.

Directors' report (continued)

Non-audit Services (continued)

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

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

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Katoomba, NSW.



Robert Nicholas Stock
Chair

Dated this 25th day of August, 2022

Auditor's independence declaration



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Katoomba & Upper Blue Mountains Community Enterprise Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Katoomba & Upper Blue Mountains Community Enterprise Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in black ink, appearing to read 'P. Delahunty', with a stylized flourish at the end.

Philip Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 7 September 2022

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

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

	Note	2022 \$	2021 \$
Revenue			
Revenue from contracts with customers	7	969,687	1,061,092
Other revenue	8	13,699	25,340
		983,386	1,086,432
Expenses			
Employee benefits expense	9	(402,481)	(408,400)
Depreciation and amortisation	9	(28,738)	(28,737)
Agents commission		(42,777)	(32,298)
IT expenses including equipment lease		(30,871)	(32,855)
Insurance		(18,459)	(17,125)
Freight / cartage / delivery		(13,178)	(8,914)
Professional fees - payroll, accounting, audit and share registry		(11,621)	(10,979)
Printing and stationery		(8,815)	(12,602)
Marketing		(7,663)	(9,417)
Cash delivery		(7,579)	(3,418)
ATM expenses including equipment lease		(7,027)	(7,348)
Staff training		(6,600)	(5,600)
Other expenses		(45,854)	(43,679)
		(631,663)	(621,372)
Operating profit before charitable donations and sponsorship		351,723	465,060
Charitable donations and sponsorship	9	(67,420)	(100,810)
Profit before income tax		284,303	364,250
Income tax expense	10	(71,076)	(89,888)
Profit for the year after income tax		213,227	274,362
Other comprehensive income		-	-
Total comprehensive income for the year		213,227	274,362
Profit attributable to the ordinary shareholders of the company		213,227	274,362
Total comprehensive income attributable to ordinary shareholders of the company		213,227	274,362
Earnings per share			
- basic and diluted earnings per share	27	19.38	24.94

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	11	84,710	307,137
Trade and other receivables	12	84,279	76,198
Financial assets	13	350,000	-
Other assets	14	5,974	5,996
Total current assets		524,963	389,331
Non-current assets			
Property, plant and equipment	15	868,107	883,777
Intangible assets	16	31,581	44,649
Deferred tax assets	17	11,495	15,267
Total non-current assets		911,183	943,693
Total assets		1,436,146	1,333,024
Liabilities			
Current liabilities			
Trade and other payables	18	32,578	52,143
Current tax liability	17	13,942	12,393
Employee benefits	19	45,979	61,067
Total current liabilities		92,499	125,603
Total liabilities		92,499	125,603
Net assets		1,343,647	1,207,421
Equity			
Issued capital	20	1,090,278	1,090,278
Retained earnings	21	253,369	117,143
Total equity		1,343,647	1,207,421

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2020		1,090,278	(80,218)	1,010,060
<i>Comprehensive income for the year</i>				
Profit for the year		-	274,362	274,362
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	26	-	(77,001)	(77,001)
Balance at 30 June 2021		1,090,278	117,143	1,207,421
Balance at 1 July 2021		1,090,278	117,143	1,207,421
<i>Comprehensive income for the year</i>				
Profit for the year		-	213,227	213,227
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	26	-	(77,001)	(77,001)
Balance at 30 June 2022		1,090,278	253,369	1,343,647

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		975,305	1,113,932
Payments to suppliers and employees		(704,976)	(682,053)
Income tax paid		(65,755)	(127,748)
Net cash flows provided by operating activities	22b	204,574	304,131
Cash flows from investing activities			
Purchase of investments		(350,000)	-
Net cash flows from/(used in) investing activities		(350,000)	-
Cash flows from financing activities			
Dividends paid		(77,001)	(77,001)
Net cash flows used in financing activities		(77,001)	(77,001)
Net increase/(decrease) in cash held		(222,427)	227,130
Cash and cash equivalents at beginning of financial year		307,137	80,007
Cash and cash equivalents at end of financial year	22a	84,710	307,137

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Corporate Information

These financial statements and notes represent those of Katoomba and Upper Blue Mountains Community Enterprise Limited (the Company) as an individual entity. Katoomba and Upper Blue Mountains Community Enterprise Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 25th August 2022.

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 24.

Note 2. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

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

Note 3. Summary of Significant Accounting Policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch in Katoomba.

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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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
- 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.

(b) Revenue From Contracts With Customers

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

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

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

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

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

Revenue Calculation

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

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

Margin

Margin is arrived at through the following calculation:

$$\begin{array}{l} \text{Interest paid by customers on loans, less interest paid to customers on deposits} \\ \textit{plus} \\ \text{Deposit returns (i.e. interest return applied by BABL on deposits)} \\ \textit{minus} \\ \text{Any costs of funds (i.e. interest applied by BABL to fund a loan)} \end{array}$$

The company is entitled to a share of the margin earned by Bendigo and Adelaide 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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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

Fee Income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank 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 and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) Other Revenue

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

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

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

Discretionary Financial Contributions

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

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

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

Cash Flow Boost

During the financial year, 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 businesses that employ staff and have been affected by the economic downturn associated with COVID 19.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

The amounts received or receivable is 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 when the cash flow of the company improves.

(d) Employee Benefits

Short-term Employee Benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on costs. Expenses for non accumulating sick leave are recognised 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.

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 estimate future cash outflows.

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

(e) Tax

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

Current Income Tax

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

Deferred Tax

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

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

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

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

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

Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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

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

(f) Cash & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

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

Depreciation

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

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

Asset Class	Method	Useful Life
Buildings	Straight line	40 years

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

(h) Intangible Assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset Class	Method	Useful Life
Franchise fee	Straight line	Franchise term (5 years)

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

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(i) Financial Instruments

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

Sub note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash generating unit

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification & Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI debt investment; FVTOCI equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Non-financial Assets

At each reporting date, the company reviews the carrying amount of its non financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non financial assets

(j) Issued Capital

Ordinary Shares

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

(k) Leases

As Lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand alone prices. However, for leases of property the company has elected not to separate lease and non lease components and account for the lease and non lease components as a single lease component.

The company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right of use asset reflects that the company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

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

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Short-term Leases & Leases of Low-value Assets

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

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

As Lessor

The company has not been a party in an arrangement where it is a lessor.

(l) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 January 2020 that are expected to have a significant impact on the company's financial statements.

(m) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 4. Significant Accounting Judgements, Estimates & Assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

(a) Judgements

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

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 17 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried forward tax losses can be utilised
Note 15 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 19 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases though promotion and inflation

Note 5. Financial Risk Management

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

Notes to the financial statements (continued)

Note 5. Financial Risk Management (continued)

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 utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

(a) Credit Risk

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

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

(b) 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.

(c) Market Risk

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

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

Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

Cash Flow & Fair Values Interest Rate Risk

Interest bearing assets are held with Bendigo and Adelaide 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 \$84,710 at 30 June 2022 (2021: \$307,137). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 6. Capital Management

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

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

The distribution limit is the greater of:

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2022 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.

Notes to the financial statements (continued)

Note 7. Revenue From Contracts With Customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts.

	2022 \$	2021 \$
Revenue		
- Revenue from contracts with customers	969,687	1,061,092
	969,687	1,061,092
<i>Disaggregation of Revenue From Contracts With Customers</i>		
- Margin income	814,566	828,658
- Fee income	55,098	64,575
- Commission income	100,023	167,859
	969,687	1,061,092

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Note 8. Other Revenue

The company generates other sources of revenue as outlined below.

	2022 \$	2021 \$
Other Revenue		
- Cash flow boost	-	24,681
- Other income	13,699	659
	13,699	25,340

Note 9. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2022 \$	2021 \$
<i>Employee Benefits Expense</i>		
- Wages & salaries	378,639	374,745
- Superannuation costs	34,560	33,273
- Other expenses related to employees	(10,718)	382
	402,481	408,400

(b) Depreciation & Amortisation Expense

	2022 \$	2021 \$
<i>Depreciation of Non-current Assets</i>		
- buildings	15,670	15,669
	15,670	15,669

Notes to the financial statements (continued)

Note 9. Expenses (continued)

	2022 \$	2021 \$
<i>Amortisation of Intangible Assets</i>		
- franchise fee	13,068	13,068
	13,068	13,068
Total depreciation & amortisation expense	28,738	28,737

The non current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Community Investments & Sponsorship

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	2022 \$	2021 \$
<i>Community Investments & Sponsorship</i>		
- Direct sponsorship and grant payments	67,420	100,810
	67,420	100,810

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

(d) Community Enterprise Foundation™ Contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of community investments and sponsorship expenditure included in profit or loss.

	2022 \$	2021 \$
<i>Disaggregation of CEF Funds</i>		
Opening balance	25,000	25,000
Balance available for distribution	25,000	25,000

Note 10. Income Tax Expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The Components of Tax Expense

	2022 \$	2021 \$
Current tax expense	67,304	87,393
Deferred tax expense	3,772	1,526
Under provision of prior years	-	969
	71,076	89,888

Notes to the financial statements (continued)

Note 10. Income Tax Expense (continued)

(b) Prima Facie Tax Payable

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2022 \$	2021 \$
Prima facie tax on profit before income tax at 25% (2021: 26%)	71,076	94,705
<i>Add Tax Effect Of:</i>		
- Non-deductible expenses	-	21
- Cash Flow Boost - Aust Govt	-	(6,418)
- Under / (over) provision of prior years	-	969
- Change in company tax rates	-	611
Income tax attributable to the entity	71,076	89,888
The applicable weighted average effective tax rate is:	25.00%	24.68%

Note 11. Cash & Cash Equivalents

	2022 \$	2021 \$
Cash at bank and on hand	84,710	307,137
	84,710	307,137

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less. Any bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Note 12. Trade & Other Receivables

	2022 \$	2021 \$
Current		
Trade receivables	84,279	76,198
	84,279	76,198

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Note 13. Financial Assets

	2022 \$	2021 \$
At Cost		
Term deposits	350,000	-
	350,000	-

Notes to the financial statements (continued)

Note 13. Financial Assets (continued)

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

Note 14. Other Assets

	2022 \$	2021 \$
Prepayments	5,974	5,996
	5,974	5,996

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Note 15. Property, Plant & Equipment

(a) Carrying Amounts

	2022 \$			2021 \$		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Land	304,000	-	304,000	304,000	-	304,000
Buildings	626,785	62,678	564,107	626,785	47,008	579,777
Leasehold improvements	211,515	211,515	-	211,515	211,515	-
Furniture & fittings	54,236	54,236	-	54,236	54,236	-
	1,196,536	328,429	868,107	1,196,536	312,759	883,777

(b) Movements in Carrying Amounts

Buildings	2022 \$	2021 \$
Opening carrying value	883,777	899,446
Additions	-	-
Disposals	-	-
Depreciation expense	(15,670)	(15,669)
Closing carrying value	868,107	883,777

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2022 (2021: None).

(d) Changes in Estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values and depreciation methods.

There were no changes in estimates for the current reporting period.

Notes to the financial statements (continued)

Note 16. Intangible Assets

(a) Carrying Amounts

	2022 \$			2021 \$		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fee	65,340	33,759	31,581	65,340	20,691	44,649
	65,340	33,759	31,581	65,340	20,691	44,649

(b) Movements in Carrying Amounts

	2022 \$	2021 \$
Franchise Fee		
Opening carrying value	44,649	57,717
Additions	-	-
Disposals	-	-
Amortisation expense	(13,068)	(13,068)
Closing carrying value	31,581	44,649

Note 17. Tax Assets & Liabilities

(a) Current Tax

	2022 \$	2021 \$
Income tax payable	13,942	12,393

(b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2022:

	30 June 2021 \$	Recognised in P & L \$	30 June 2022 \$
<i>Deferred Tax Assets</i>			
- Employee provisions	15,267	(3,772)	11,495
Total deferred tax assets	15,267	(3,772)	11,495
Net deferred tax assets	15,267	(3,772)	11,495

Movement in the company's deferred tax balances for the year ended 30 June 2021:

	30 June 2020 \$	Recognised in P & L \$	30 June 2021 \$
<i>Deferred Tax Assets</i>			
- Employee provisions	17,762	(2,495)	15,267
Total deferred tax assets	17,762	(2,495)	15,267
Net deferred tax assets	17,762	(2,495)	15,267

Notes to the financial statements (continued)

Note 18. Trade & Other Payables

	2022 \$	2021 \$
Current		
Trade creditors	5,121	18,769
Other creditors and accruals	27,457	33,374
	32,578	52,143

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 19. Employee Benefits

	2022 \$	2021 \$
Current		
Provision for annual leave	24,665	21,289
Provision for long service leave	21,314	39,778
	45,979	61,067

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee Attrition Rates

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

Note 20. Issued Capital

(a) Issued Capital

	2022		2021	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,100,010	1,100,010	1,100,010	1,100,010
Less: equity raising costs	-	(9,732)	-	(9,732)
	1,100,010	1,090,278	1,100,010	1,090,278

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(b) Movements in share capital

	2022 \$	2021 \$
Fully paid ordinary shares:		
At the beginning of the reporting period	1,100,010	1,100,010
Shares issued during the year	-	-
At the end of the reporting period	1,100,010	1,100,010

Notes to the financial statements (continued)

Note 20. Issued Capital (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Note 21. Retained Earnings

	Note	2022 \$	2021 \$
Balance at the beginning of the reporting period		117,143	(80,218)
Profit for the year after income tax		213,227	274,362
Dividends paid	26	(77,001)	(77,001)
Balance at the end of the reporting period		253,369	117,143

Note 22. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	Note	2022 \$	2021 \$
Cash and cash equivalents	11	84,710	307,137
As per the Statement of Cash Flows		84,710	307,137

(b) Reconciliation of cash flow from operations with profit after income tax

	2022 \$	2021 \$
Profit for the year after income tax	213,227	274,362
<i>Non-cash flows in profit</i>		
- Depreciation	15,670	15,669
- Amortisation	13,068	13,068
<i>Changes in assets and liabilities</i>		
- (Increase) / decrease in trade and other receivables	(8,081)	27,500
- (Increase) / decrease in prepayments and other assets	22	(479)
- (Increase) / decrease in deferred tax asset	3,772	2,495
- Increase / (decrease) in trade and other payables	(19,565)	15,393
- Increase / (decrease) in current tax liability	1,549	(40,355)
- Increase / (decrease) in provisions	(15,088)	(3,522)
Net cash flows from operating activities	204,574	304,131

Notes to the financial statements (continued)

Note 23. Financial Instruments

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

	Note	2022 \$	2021 \$
Financial Assets			
Trade and other receivables	12	84,279	76,198
Cash and cash equivalents	11	84,710	307,137
Term deposits	13	350,000	-
		518,989	383,335
Financial Liabilities			
Trade and other payables	18	32,578	52,143
		32,578	52,143

Note 24. Related Parties

(a) Key Management Personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key Management Personnel Compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

	2022 \$	2021 \$
Short-term employee benefits	152,886	107,797
Post-employment benefits	13,436	11,240
Other long-term benefits	1,879	2,291
Total key management personnel compensation	168,201	121,328

Short-term Employee Benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment Benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other Long-term Benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

(c) Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

Notes to the financial statements (continued)

Note 24. Related Parties (continued)

(d) Transactions With Key Management Personnel & Related Parties

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
Mark Jarvis	Hotel services	3,780
Jane Canfield	Marketing services	3,876

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(e) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

Note 25. Auditor's Remuneration

The appointed auditor of Katoomba and Upper Blue Mountains Community Enterprise Limited for the year ended 30 June 2022 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2022 \$	2021 \$
<i>Audit & Review Services</i>		-
Audit and review of financial statements (RSD Audit)	5,750	5,250
Total auditor's remuneration	5,750	5,250

Note 26. Dividends

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

	2022		2021	
	Number	\$	Number	\$
Fully franked dividend	1,100,010	77,001	1,100,010	77,001
Dividends provided for and paid during the year	1,100,010	77,001	1,100,010	77,001

The tax rate at which dividends have been franked is 25% (2021: 26%).

Note 27. Earnings Per Share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	2022 \$	2021 \$
Profit attributable to ordinary shareholders	213,227	274,362
	Number	Number
Weighted average number of ordinary shares	1,100,010	1,100,010
	¢	¢
Basic and diluted earnings per share	19.38	24.94

Notes to the financial statements (continued)

Note 28. Events After the Reporting Period

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

Note 29. Commitments & Contingencies

Details about any capital commitments are detailed in Note 15(c).

The company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

Note 30. Company Details

The registered office of the company is: 117 Katoomba Street Katoomba NSW 2780

The principal place of business is: 117 Katoomba Street Katoomba NSW 2780

Directors' declaration

For the financial year ended 30 June 2022

In accordance with a resolution of the directors of Katoomba and Upper Blue Mountains Community Enterprise Limited, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

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



Robert Nicholas Stock
Chair

Dated this 25th day of August, 2022

Independent audit report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KATOOMBA & UPPER BLUE MOUNTAINS COMMUNITY ENTERPRISE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Katoomba & Upper Blue Mountains Community Enterprise Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Katoomba & Upper Blue Mountains 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 performance for the year then ended; 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. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, 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, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit

Chartered Accountants

A handwritten signature in black ink, appearing to read 'P. Delahunty', with a large, stylized flourish at the end.

Philip Delahunty

Partner

Bendigo

Dated: 7 September 2022

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Web: bendigobank.com.au/katoomba

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Blackheath Newsagency
245 Great Western Highway, Blackheath NSW 2785
Phone: 02 4787 8449

Blaxland
Blaxland Day n Night Pharmacy
138 Great Western Highway Blaxland NSW 2774
Phone: 02 4739 1611

Franchisee: Katoomba & Upper Blue Mountains Community Enterprise Limited
ABN: 55 134 947 201
117 Katoomba Street, Katoomba NSW 2780
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 /communitybankkatoomba

