Annual Report 2022

Lara District Community Enterprise Limited

Community Bank
Lara District

ABN 67 134 347 087

Contents

Chair's report

For year ending 30 June 2022

Customers are supporting Community Bank Lara District but far more importantly our community. In this last year we have distributed in excess of $310,000 back into the many groups and organisations that make the Lara, Little River and Anakie region a great place to live. This is a record distribution of grants, sponsorships and donations spread across a total of 32 organisations.

It is with great pleasure I share this report with our shareholders. This last year has been one of continuing to deliver on the purpose of Community Banking as well growing our business.

Our customer base has continued to grow with a total of 5,383 customers by year end.

Customers are supporting Community Bank Lara District but far more importantly our community. In this last year we have distributed in excess of $310,000 back into the many groups and organisations that make the Lara, Little River and Anakie region a great place to live. This is a record distribution of grants, sponsorships and donations spread across a total of 32 organisations.

Total banking business (deposits and loans) for Community Bank Lara District grew to $255,600,000. This represents more than 15% growth over the last 12 months. It is this growth which has allowed us to fund the many projects we have in the last year.

Net profit (after tax, donations, grants etc. of $310,000) for Lara District Community Enterprise Limited was $44,749. In addition, we placed a further $150,000 into the Community Enterprise Foundation™ who hold funds on our behalf to support future grant applications.

We have maintained a strong dividend of 8 cents per share for our shareholders, most of whom have been with us since the beginning. Thank you to all our shareholders who support what we do in our community.

Our partners at Bendigo Bank have continued to support us, and we acknowledge the support we receive from the Geelong regional office. This year in particular they assisted with raising the last of the funds required to support the opening of the Barwon Health Children's Rehabilitation Centre. We were incredibly proud when the Barwon Health Foundation named the new facility 'Bendigo Bank House' in recognition of the $600,000 contributed by the Bendigo Community Bank network across the Geelong region along with Bendigo Bank. This centre in North Geelong is servicing children from Werribee to the South Australian border (including Lara residents). This facility is all about maximising the potential of children impacted by cerebral palsy and acquired brain injuries. This facility was made possible by the power of Community Banking together with the wider Geelong Community who provided all the funds to cover the construction.

Our Board continues to receive great feedback on our staff, the majority of whom live, work and play in our community. Our staff are the face of our business, and we are indebted to their work to provide great service and grow our business.

Chair's report (continued)

We have had a change of Branch Manager after Galen Munari accepted a well-earned promotion with Bendigo Bank to a multi-site Senior Manager role. We were sad to lose Galen but fortunately we were able to regain the services of Jesse Church as our new Branch Manager. Congratulations to both Galen and Jesse. In other staff movements we recruited Michelle Agosta and Josh Berry into Customer Service Officer roles. We also welcomed Jonathon Ray to our branch as a Customer Relationship Manager. The Board welcomed a new Director, Alistair Bullock, a local small business entrepreneur.

Looking forward we have confidence in the ability for Community Bank Lara District to provide a great banking service. We are all incredibly aware of the rapid growth of our community as it is part of a planned growth node under City of Greater Geelong planning. This growth provides challenges to our schools, sporting clubs and passive recreation areas. As a Community Bank, this provides an opportunity for us to assist these groups in meeting the needs of their current and future members.

Banking is our business; Community is our purpose.

Andrew Hilliard
Chair, Lara District Community Enterprise Limited

Manager's report

For year ending 30 June 2022

Our ability to adapt and overcome these economic hurdles to meet our customers goals will continue to see us sustainably grow and ultimately allow Community Bank Lara District to contribute much-needed community investments through grants, sponsorships, and donations.

It is my pleasure to provide my first Branch Manager's report for the Lara District Community Enterprise Limited Annual Report, in what has been another great year for our business.

The 2021-22 financial year brought many unique challenges to our business. This Included state-wide lock downs, uncertainty in the construction industry and rising interest rates. However, together with the support of our amazing customers, Board, and staff we were able to achieve another tremendous year of results. One major milestone was surpassing over $250 million in branch footings. Another notable accomplishment for Community Bank Lara District was achieving, for the second consecutive year, the highest lending growth of any branch in Regional Victoria with loan footings increasing $18.3 million and the branch surpassing $100 million dollars in total loan footings. This is something that everyone involved with our business should be very proud of achieving.

As of 30 June 2022, the overall footings of Community Bank Lara District were at $255.6 million, a substantial increase of $34.5 million on this figure at the same time last year.

As at the end of 2022 financial year, the combined branch's business is noted as:

Total Loans	$107.9 million
Total Deposits	$140.2 million
Wealth Products	$7.1 Million
Other Business	$0.5 million
Total Business	**$255.6 million**

The next 12 months will present many new challenges but also many incredible opportunities. With interest rates trending upwards there will be potential for added pressure on households due to rising loan repayments but conversely, a welcome increase in deposit rates which will see greater returns on cash investment that have not been seen for several years now. Although we are travelling through unchartered economic changes, our focus on delivering Bendigo Bank's market-leading service and banking products will only be reinforced to ensure we continue to meet our customers' needs. Our ability to adapt and overcome these economic hurdles to meet our customers goals will continue to see us sustainably grow and ultimately allow Community Bank Lara District to contribute much-needed community investments through grants, sponsorships, and donations.

Moving on to our amazing staff, we recently said goodbye to Galen Munari who has taken on an exciting opportunity as a Senior Manager within our Geelong branch network. I would like to personally thank Galen for his mentorship, support, friendship and significant contribution to our branch success over the past two years having seen our highest growth since inception over this time. I wish you all the very best in your new position.

On the back of this we welcomed Michelle Agosta and Josh Berry as our new Customer Service Officers whom many of you will now know for their amazing customer service and warm personalities. We also welcomed Jonathon Ray as our new Customer Relationship Manager who comes to us with extensive banking experience. These new additions complement our existing team of Dianne Van Doren, our Senior Customer Service Officer, Dylan Lyall, our Customer Relationship Officer, and Kyna Woodford, our Customer Relationship Manager. I am very grateful for the team we have here and am excited to continue to see each staff member grow.

I would like to thank the Board of Directors for their vital role in advocating our business in the community and supporting us with governance, strategic direction and idea sharing. This is in conjunction with thanking Regional Manager David Tudor and our Business Banking colleagues for their pivotal part in growing and sustaining our business.

I would also like to extend a massive thank you to our valued shareholders and customers for your incredible and ongoing support. Your banking is extremely powerful and has a lasting impact on our community; it has allowed us to contribute over $310,000 back into Lara and surrounds and support numerous groups in this financial year alone.

If you are new to how our business model works, I like to explain it like this; when you bank with Community Bank Lara District, you have the unique opportunity to bank with one of Australia's largest retail banks, however the profits from your banking go straight back to your community.

If you have not compared your personal or business banking with Bendigo Bank's innovative and competitive range of products, there's no better time than the present.

In closing, I wish you, your families, and friends all the very best and thank you all for your ongoing support.

Thank you,

Jesse Church
Branch Manager Community Bank Lara District

Driving the future

L2P Program

The L2P program is a TAC initiative with the aim to provide young learners (aged 16-23) with access to a mentor driver and car to assist them in achieving their required 120 hours driving time. Community Bank Lara District are pleased to be involved with this program via the sponsorship of a car to support the youth in our area and help build on strong links within our community.

Growing our community

Lara Community Garden and Arts Precinct

The Lara Community Garden and Arts Precinct has been running for a number of years. As well as providing food to share with the community, this group is invaluable for providing members with a social network and a space to connect with others within our community. As the Community Garden has been around for a while, it was time to upgrade by installing new wicking beds. We can't wait to sample the produce they grow with these new additions!

One for the kids

Bendigo Bank House

We are so proud to have been part of the driving force behind this project. We've worked with the Barwon Health Foundation and other Community Banks in our region to fund this much needed facility for children undergoing rehabilitation and ongoing treatment. Previously, children underwent their therapy in an adult rehab facility which was daunting and quite dreary. Young patients now have an uplifting therapy space where they feel welcomed and comfortable.

Kicking Goals

Lara Football Club

Goal barrier nets have been on the radar for Lara Football Club for a while now; not only will these help to upgrade the facilities at the club, the goal nets will also provide a layer of safety for both players and spectators and help to protect the RSL memorial garden at the Waverley Rd end of the oval. Despite some issues with material shortage, we are pleased that these nets have now been installed at the club's main oval – they look fantastic!

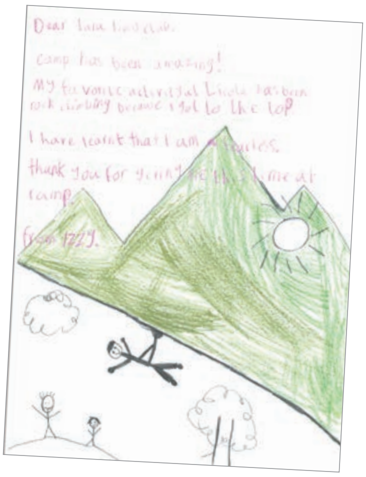
Many hands make light work

Friends of Elcho Park

The Friends of Elcho Park have been a wonderful advocate for Community Bank Lara District, so we were happy to provide them with a grant to purchase a new tractor. Their current tractor was not user-friendly, which prevented many volunteers from using the machinery. With a new and more manageable machine, more volunteers can assist confidently with jobs that were once left to only a few people. With many different riding groups using the park, we are sure this tractor will be put to great use in keeping the grounds maintained and safe for all.

Opportunity for all

Lions Club Camp Licola



Camp Licola is organised by the Lions Club with children from our local primary schools applying to attend each year. The aim of the camp is to provide a fun environment and to encourage children to step out of their comfort zones to exceed their expectations. Community Bank Lara District have supported this program for a few years now and are currently committed until 2024. Over the years we have received some heart-warming thank you letters from students who have attended which makes this program well worth it!

A sporting star on the rise!

Sporting Excellence Scholarship

As part of our partnership with Lara Secondary College, we were excited to assist a local student, Angus Alberts with a scholarship which enabled him to participate in this year's Oceania Championships which were held in Mackay, QLD. The scholarship is in place to assist young sporting stars to participate in elite competitions and we are very pleased to see Angus working towards his sporting potential with a phenomenal effort at the Championships by placing third in the U20 shot put! Congratulations Angus; we look forward to hearing more of your achievements in the future!

ORGANISATION	PROJECT
COMMUNITY	
Austrian Club	Kitchen upgrade
Lions Club Lara	Camp Licola sponsorship
Lara Community Garden & Arts Precinct	Garden upgrade
Holy Trinity Parish Lara	Defibrillator and op shop storage/shelving
Australia Day Breakfast Committee	Citizen of the Year sponsorship
Lara District Rotary Club	Golf Day sponsorship
L2P Driving Program	Car sponsorship
German Shepherd Dog Club of Victoria	Off leash training ring
Lara Lifestyle Village	Community garden shed fitout
Barwon Health Foundation	Project North
Mittagong Girl Guides	Activity hall roof replacement
Little River Community Sporting Centre	Preservation of pictorial history project
Mt Rothwell Landcare Volunteers	Ride on mower and tools
Littler River Lions Club	Marquee
Little Teapot Café & Play	Facilitated mums' sessions and memberships
Little River Community Landcare Group	Trailer maintenance
SPORT	
Friends of Elcho Park	Round yard fencing, floor scrubber and tractor
Lara Cricket Club	Oval 2 scoreboard, sponsorship and bowling machine
Lara Golf Club	Sponsorship and golf cart
Lara Football Club	Sponsorship and goal net barriers
Lara Swimming Club	Equity scholarship, carnival sponsorship and pergola
North Geelong Warriors Football Club	Pitch re-surfacing
Anakie Football Netball Club	Sponsorship
Geelong Rams Rugby Club	Uniform sponsorship
Lara Netball Club	First aid supplies
You Yangs Mountain Bike Club Inc	Marquee
Lara Giants Basketball Club	Clinic sponsorship
EDUCATION	
Lara Secondary College	Scholarships, Yr 9 leadership camp, STEM program and sporting excellence scholarship

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

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:	Andrew MacKenzie Hilliard
Title:	Chair
Experience and expertise:	Andrew holds a Bachelor of Training and Development. He has an extensive experience in the Human Resources profession across a range of industries. Since retiring from full time employment in 2015, a range of short term assignments have been undertaken. Most recently as a HR manager in the meat processing industry.
Special responsibilities:	Governance and Community Investment Program

Name:	Elizabeth Joy Bate
Title:	Deputy Chair
Experience and expertise:	A retired school teacher who takes an active role on the Lara Community and beyond. A founding member of the Lara Chamber of Commerce, a member of the Lara Fire Brigade, on the organising committee of the Lara Food and Wine Festival and President of Cancer After Care Group Geelong.
Special responsibilities:	Convenor Community Support Program Committee

Name:	Ann Elizabeth Butcher
Title:	Non-executive director
Experience and expertise:	Ann currently works at Royal Freemasons as a Executive Director Community Services and Wellbeing. Ann Butcher is the Aged Care Quality and Compliance Specialist at genU following 11 years as the Executive General Manager. She has a Masters in Health Management and has studied Foundations for Directors through the AICD. In 2020 Ann has been part of genU COVID 19 response team. Ann was previously a Director for Leading Aged Services Australia, Victorian Branch and now sits on the Victorian Member Advisory Committee. Ann is Vice President of Geelong Society of Operatic and Dramatic Arts Inc. Ann holds a Masters of Health Management and has six years experience working on the Lara District Community Enterprise Board. Ann has spent 15 years working in Executive roles in aged care. Ann was a Director of LASA Victoria for 3 years and held roles as President and Vice-president of Community Performing Arts Company GSODA Inc.
Special responsibilities:	Company Secretary and member of Governance Committee

Name:	Charles John Saliba
Title:	Non-executive director
Experience and expertise:	Charles has operated a small taxation business from home for the past 35 years. He has a strong banking, finance and taxation background. Charles is currently the accountant for the Laverton Catholic Parish.
Special responsibilities:	Finance Committee

Name:	Jürgen Ulrich Günther Strauss
Title:	Non-executive director
Experience and expertise:	Self-employed. Jürgen is the founder of Innovabiz, specialising in digital marketing, website development and lead generation strategies. He also hosts the InnovaBuzz innovation podcast. Jürgen holds B.Sc. (Hons) and PhD in Chemistry, has marketing qualifications from the Wharton Business School and Melbourne Business School. Jürgen has had a 27 year corporate career in chemical R&D, marketing, business management and people management.
Special responsibilities:	Major Community Project Committee

Name:	Natalie Grace Salcombe Candy
Title:	Non-executive director
Experience and expertise:	Corporate superannuation professional with over 15 years experience in the financial services industry. Currently employed as a Relationship Manager at Insignia Financial. Bachelor of Arts degree from the University of Melbourne. Previously held positions on other local volunteer committees.
Special responsibilities:	Community Investment Program

Name:	Ian Graeme Duff
Title:	Treasurer
Experience and expertise:	Accountant. Graeme has over 35 years' experience in Banking, Financial Planning and Accounting. He is self-employed in the accounting industry and has run his own business for over 15 years. Graeme is community focused and has been involved with Give Where You Live for the past 3 years.
Special responsibilities:	Treasurer

Name:	Alistair Bullock
Title:	Non-executive director (appointed 1 February 2022)
Experience and expertise:	Owner/operater of The Cocktail Cart
Special responsibilities:	Nil.

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

Company secretary
The Company secretary is Ann Butcher. Ann was appointed to the position of Company secretary on 1 April 2020.

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 $44,749 (30 June 2021: $230,267).

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 $
Fully franked dividend of 8 cents per share (2021: 8 cents)	70,401

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

	Board Eligible	Board Attended
Andrew MacKenzie Hilliard	11	11
Elizabeth Joy Bate	11	11
Ann Elizabeth Butcher	11	11
Charles John Saliba	11	11
Jürgen Ulrich Günther Strauss	11	11
Natalie Grace Salcombe Candy	11	11
Ian Graeme Duff	11	9
Alistair Bullock	8	8

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
Andrew MacKenzie Hilliard	14,500	-	14,500
Elizabeth Joy Bate	6,001	-	6,001
Ann Elizabeth Butcher	-	-	-
Charles John Saliba	5,001	-	5,001
Jürgen Ulrich Günther Strauss	1,000	-	1,000
Natalie Grace Salcombe Candy	-	-	-
Ian Graeme Duff	6,000	-	6,000
Alistair Bullock	-	-	-

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

Andrew MacKenzie Hilliard
Chair

22 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 Lara District Community Enterprise Limited

As lead auditor for the audit of Lara District 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: 22 September 2022

Joshua Griffin
Lead Auditor

Financial statements

Lara District Community Enterprise Limited
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	1,317,216	1,170,733
Other revenue	7	30,205	39,301
Finance revenue		5,095	9,184
Fair value gains/(losses) on financial assets	8	(65,094)	142,441
Employee benefits expense	9	(578,465)	(576,127)
Advertising and marketing costs		(20,209)	(5,712)
Occupancy and associated costs		(29,162)	(24,979)
System costs		(27,432)	(28,866)
Depreciation and amortisation expense	9	(55,488)	(55,600)
Finance costs	9	(36,887)	(37,750)
General administration expenses		(111,948)	(104,953)
Profit before community contributions and income tax expense		427,831	527,672
Charitable donations and sponsorships expense		(381,111)	(231,691)
Profit before income tax expense		46,720	295,981
Income tax expense	10	(1,971)	(65,714)
Profit after income tax expense for the year	22	44,749	230,267
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		44,749	230,267
		Cents	**Cents**
Basic earnings per share	31	5.09	26.17
Diluted earnings per share	31	5.09	26.17

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

Lara District Community Enterprise Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	11	980,197	1,035,034
Trade and other receivables	12	97,029	76,866
Current tax assets	10	24,997	21,347
Total current assets		1,102,223	1,133,247
Non-current assets			
Financial assets	15	542,999	569,714
Property, plant and equipment	13	72,690	59,256
Right-of-use assets	14	589,418	583,790
Intangibles	16	26,368	39,551
Deferred tax assets	10	31,362	15,734
Total non-current assets		1,262,837	1,268,045
Total assets		2,365,060	2,401,292
Liabilities			
Current liabilities			
Trade and other payables	17	27,661	33,129
Lease liabilities	18	30,628	27,781
Employee benefits	19	28,073	23,507
Total current liabilities		86,362	84,417
Non-current liabilities			
Trade and other payables	17	-	14,502
Lease liabilities	18	753,702	746,269
Employee benefits	19	5,095	10,966
Provisions	20	8,873	8,458
Total non-current liabilities		767,670	780,195
Total liabilities		854,032	864,612
Net assets		1,511,028	1,536,680
Equity			
Issued capital	21	857,526	857,526
Retained earnings	22	653,502	679,154
Total equity		1,511,028	1,536,680

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

Lara District Community Enterprise Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		857,526	519,288	1,376,814
Profit after income tax expense		-	230,267	230,267
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	230,267	230,267
Transactions with owners in their capacity as owners:				
Dividends provided for	24	-	(70,401)	(70,401)
Balance at 30 June 2021		857,526	679,154	1,536,680

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		857,526	679,154	1,536,680
Profit after income tax expense		-	44,749	44,749
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	44,749	44,749
Transactions with owners in their capacity as owners:				
Dividends provided for	24	-	(70,401)	(70,401)
Balance at 30 June 2022		857,526	653,502	1,511,028

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

Lara District Community Enterprise Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,419,684	1,311,505
Payments to suppliers and employees (inclusive of GST)		(1,279,860)	(1,116,406)
		139,824	195,099
Dividends received		30,205	16,786
Interest received		5,095	9,184
Income taxes paid		(20,437)	(27,510)
Net cash provided by operating activities	30	154,687	193,559
Cash flows from investing activities			
Payments for financial assets		(38,380)	-
Payments for property, plant and equipment		(23,305)	-
Payments for intangibles		(13,184)	(13,184)
Net cash used in investing activities		(74,869)	(13,184)
Cash flows from financing activities			
Dividends paid	24	(70,401)	(70,401)
Repayment of lease liabilities	18	(64,254)	(63,555)
Net cash used in financing activities		(134,655)	(133,956)
Net increase/(decrease) in cash and cash equivalents		(54,837)	46,419
Cash and cash equivalents at the beginning of the financial year		1,035,034	988,615
Cash and cash equivalents at the end of the financial year	11	980,197	1,035,034

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 Lara District Community Enterprise Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is 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 5 Waverley Road, Lara, VIC 3212.

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 22 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.

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.

Note 3. Significant accounting policies (continued)

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.

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.

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

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.

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.

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.

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	1,127,609	1,000,468
Fee income	87,100	84,149
Commission income	102,507	86,116
Revenue from contracts with customers	1,317,216	1,170,733

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

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

Note 6. Revenue from contracts with customers (continued)

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

Revenue 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.

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.

Note 6. Revenue from contracts with customers (continued)

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 $
Cash flow boost	-	22,515
Dividend and distribution income	30,205	16,786
Other revenue	30,205	39,301

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
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.

All revenue is stated net of the amount of GST.

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. Fair value gains/(losses) on financial assets

	2022 $	2021 $
Fair value gains/(losses) on financial assets	(65,094)	142,441

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

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	964	484
Plant and equipment	1,207	1,229
Furniture and fittings	3,960	4,341
Motor vehicles	3,740	4,400
	9,871	10,454
Depreciation of right-of-use assets		
Leased land and buildings	32,434	31,962
Amortisation of intangible assets		
Franchise fee	2,197	2,197
Franchise renewal fee	10,986	10,987
	13,183	13,184
	55,488	55,600

Finance costs

	2022 $	2021 $
Lease interest expense	36,472	37,356
Unwinding of make-good provision	415	394
	36,887	37,750

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	485,104	475,039
Non-cash benefits	18,253	18,823
Superannuation contributions	46,367	43,526
Expenses related to long service leave	(1,889)	11,086
Other expenses	30,630	27,653
	578,465	576,127

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	11,988	12,324

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 10. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	30,545	42,662
Movement in deferred tax	(15,629)	30,398
Under/over adjustment	-	(781)
Reduction in company tax rate	-	629
Net benefit of franking credits on dividends received	(12,945)	(7,194)
Aggregate income tax expense	1,971	65,714
Prima facie income tax reconciliation		
Profit before income tax expense	46,720	295,981
Tax at the statutory tax rate of 25% (2021: 26%)	11,680	76,955
Tax effect of:		
Non-deductible expenses	-	88
Reduction in company tax rate	-	629
Other assessable income	3,236	(3,983)
Net benefit of franking credits on dividends received	(12,945)	(7,194)
	1,971	66,495
Under/over adjustment	-	(781)
Income tax expense	1,971	65,714

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Carried-forward capital losses	3,175	3,175
Employee benefits	8,292	8,618
Provision for lease make good	2,218	2,115
Accrued expenses	450	450
Income accruals	(173)	(2,068)
Lease liabilities	196,082	193,513
Right-of-use assets	(147,354)	(145,948)
Property, plant and equipment	(13,942)	(10,462)
Financial assets at fair value through profit or loss	(17,386)	(33,659)
Deferred tax asset	31,362	15,734

	2022 $	2021 $
Income tax refund due	24,997	21,347

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.

Note 10. Income tax (continued)

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 11. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	97,240	153,001
Term deposits	882,957	882,033
	980,197	1,035,034

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 12. Trade and other receivables

	2022 $	2021 $
Trade receivables	90,136	63,506
Accrued income	696	8,272
Prepayments	6,197	5,088
	6,893	13,360
	97,029	76,866

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 13. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	19,341	19,341
Less: Accumulated depreciation	(2,899)	(1,935)
	16,442	17,406
Plant and equipment - at cost	9,211	9,211
Less: Accumulated depreciation	(6,226)	(5,019)
	2,985	4,192
Fixtures and fittings - at cost	296,129	272,824
Less: Accumulated depreciation	(264,061)	(260,101)
	32,068	12,723
Motor vehicles - at cost	42,968	42,968
Less: Accumulated depreciation	(21,773)	(18,033)
	21,195	24,935
	72,690	59,256

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 $	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2020	17,890	5,421	17,064	29,335	69,710
Depreciation	(484)	(1,229)	(4,341)	(4,400)	(10,454)
Balance at 30 June 2021	17,406	4,192	12,723	24,935	59,256
Additions	-	-	23,305	-	23,305
Depreciation	(964)	(1,207)	(3,960)	(3,740)	(9,871)
Balance at 30 June 2022	16,442	2,985	32,068	21,195	72,690

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	20 years
Plant and equipment	5 to 10 years
Furniture, fixtures and fittings	2 to 5 years
Motor vehicles	3 to 8 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.

Note 13. Property, plant and equipment (continued)

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.

Change in estimates
During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. Some reductions in the leasehold improvements useful lives were applied resulting in some slightly accelerated depreciation.

Note 14. Right-of-use assets

	2022 $	**2021 $**
Land and buildings - right-of-use	995,554	957,494
Less: Accumulated depreciation	(406,136)	(373,704)
	589,418	583,790

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	606,730	606,730
Remeasurement adjustments	9,022	9,022
Depreciation expense	(31,962)	(31,962)
Balance at 30 June 2021	583,790	583,790
Remeasurement adjustments	38,062	38,062
Depreciation expense	(32,434)	(32,434)
Balance at 30 June 2022	589,418	589,418

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 15. Financial assets

	2022 $	**2021 $**
Equity securities - designated at fair value through profit or loss	542,999	569,714

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 16. Intangibles

	2022 $	2021 $
Franchise fee	22,604	22,604
Less: Accumulated amortisation	(18,209)	(16,012)
	4,395	6,592
Franchise renewal fee	112,192	112,192
Less: Accumulated amortisation	(90,219)	(79,233)
	21,973	32,959
	26,368	39,551

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	8,789	43,946	52,735
Amortisation expense	(2,197)	(10,987)	(13,184)
Balance at 30 June 2021	6,592	32,959	39,551
Amortisation expense	(2,197)	(10,986)	(13,183)
Balance at 30 June 2022	4,395	21,973	26,368

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.

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

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

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

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

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	27,661	33,129
Non-current liabilities		
Other payables and accruals	-	14,502

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	67,531	64,253
Unexpired interest	(36,903)	(36,472)
	30,628	27,781
Non-current liabilities		
Land and buildings lease liabilities	1,080,492	1,092,314
Unexpired interest	(326,790)	(346,045)
	753,702	746,269

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	774,050	791,227
Remeasurement adjustments	38,062	9,022
Lease interest expense	36,472	37,356
Lease payments - total cash outflow	(64,254)	(63,555)
	784,330	774,050

Maturity analysis

	2022 $	2021 $
Not later than 12 months	67,531	64,253
Between 12 months and 5 years	270,123	257,015
Greater than 5 years	810,369	835,299
	1,148,023	1,156,567

Note 18. Lease liabilities (continued)

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 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:

Lara branch	The lease agreement commenced in July 2009. A 5 year renewal option was exercised in July 2019. The company has 3 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2039. The discount rate used in calculations is 4.79%.

Note 19. Employee benefits

	2022 $	**2021 $**
Current liabilities		
Annual leave	15,684	10,482
Long service leave	12,389	13,025
	28,073	23,507
Non-current liabilities		
Long service leave	5,095	10,966

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.

Note 19. Employee benefits (continued)

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	8,873	8,458

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 $20,000 Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 30 June 2039 at which time it is expected the face-value costs to restore the premises will fall due.

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	880,011	880,011	880,011	880,011
Less: Equity raising costs	-	-	(22,485)	(22,485)
	880,011	880,011	857,526	857,526

Note 21. Issued capital (continued)

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*.

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

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

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

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

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

Note 21. Issued capital (continued)

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	679,154	519,288
Profit after income tax expense for the year	44,749	230,267
Dividends paid (note 24)	(70,401)	(70,401)
Retained earnings at the end of the financial year	653,502	679,154

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%.

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 8 cents per share (2021: 8 cents)	70,401	70,401

Note 24. Dividends (continued)

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	306,623	284,182
Franking credits (debits) arising from income taxes paid (refunded)	20,437	39,982
Franking debits from the payment of franked distributions	(23,467)	(24,735)
Franking credits from franked distributions received	12,945	7,194
	316,538	306,623
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	316,538	306,623
Franking credits (debits) that will arise from payment (refund) of income tax	(24,462)	(21,347)
Franking credits available for future reporting periods	292,076	285,276

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	90,832	71,778
Cash and cash equivalents	980,197	1,035,034
Financial assets	542,999	569,714
	1,614,028	1,676,526
Financial liabilities		
Trade and other payables	27,661	47,631
Lease liabilities	784,330	774,050
	811,991	821,681

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.

Note 25. Financial instruments (continued)

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

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

2022	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	54,300	40,725	10%	(54,300)	(40,725)

2021	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	56,971	42,728	10%	(56,971)	(42,728)

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.

The company held cash and cash equivalents of $980,197 at 30 June 2022 (2021: $1,035,034). 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.

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.

Note 25. Financial instruments (continued)

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	27,661	-	-	27,661
Lease liabilities	67,531	270,123	810,369	1,148,023
Total non-derivatives	95,192	270,123	810,369	1,175,684

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	33,129	14,502	-	47,631
Lease liabilities	64,253	257,015	835,299	1,156,567
Total non-derivatives	97,382	271,517	835,299	1,204,198

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	542,999	-	-	542,999
Total assets	542,999	-	-	542,999

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	569,714	-	-	569,714
Total assets	569,714	-	-	569,714

There were no transfers between levels during the financial year.

Accounting policy for fair value measurement
Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 26. Fair value measurement (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 27. Key management personnel disclosures

The following persons were directors of Lara District Community Enterprise Limited during the financial year:

Andrew MacKenzie Hilliard	Jürgen Ulrich Günther Strauss
Elizabeth Joy Bate	Natalie Grace Salcombe Candy
Ann Elizabeth Butcher	Ian Graeme Duff
Charles John Saliba	Alistair Bullock

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

The following transactions occurred with related parties:

	2022 $	2021 $
Alistair Bullock owns and operates a Cocktail Cart which the bank used for the Christmas party.	252	-

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

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
Other services		
General advisory services	3,280	3,280
Share registry services	3,686	3,513
	6,966	6,793
	12,166	11,793

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	44,749	230,267
Adjustments for:		
Depreciation and amortisation	55,488	55,600
(Increase)/decrease in fair value of equity instruments designated at FVTPL	65,094	(142,441)
Lease liability interest	36,472	37,356
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(20,163)	2,035
Increase in income tax refund due	(2,838)	-
Decrease/(increase) in deferred tax assets	(15,628)	53,962
Decrease in trade and other payables	(7,597)	(53,015)
Increase/(decrease) in employee benefits	(1,305)	9,401
Increase in other provisions	415	394
Net cash provided by operating activities	154,687	193,559

Note 31. Earnings per share

	2022 $	2021 $
Profit after income tax	44,749	230,267
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	880,011	880,011
Weighted average number of ordinary shares used in calculating diluted earnings per share	880,011	880,011
	Cents	**Cents**
Basic earnings per share	5.09	26.17
Diluted earnings per share	5.09	26.17

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Lara District 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

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

Andrew MacKenzie Hilliard
Chair

22 September 2022

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of Lara District Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lara District 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 Lara District 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: 22 September 2022

Joshua Griffin
Lead Auditor

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