Annual Report 2022

Acacia Ridge Financial Services Limited

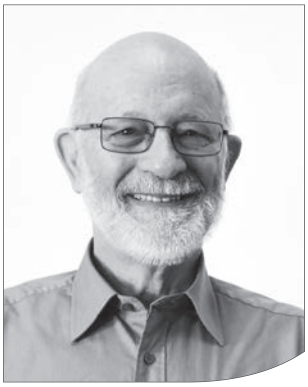
Community Bank
Acacia Ridge

ABN 73 116 060 916

Contents

Chairman’s report

For year ending 30 June 2022



Our Community Bank company has played a key role in supporting our community, returning more than $956,000 for use in our local community organisations (and some further afield) since our opening in 2005. We think this is an outstanding achievement for a single branch and is possible only because local people and businesses bank with us.

Welcome to the Seventeenth Annual Report for the company for the financial year ending 30 June 2022.

Community Bank Acacia Ridge was established on 23 November 2005 following withdrawal of banking services at the Elizabeth Street Shopping Centre. The Community Bank continues to provide valuable banking and financial services to Acacia Ridge and surrounding areas.

Financial

The result after income tax benefit for the year was a loss of $58,988, a decrease of $101,285 on the result for the previous year. Profit can fluctuate each year, depending on many factors including donations and sponsorships to the community. In July 2021 the company engaged a Mobile Relationship Manager (MRM) on secondment from Bendigo and Adelaide Bank Limited. The cost of this appointment was in excess of $100,000 for the year. Whilst substantial business was written by the MRM, the revenue will accrue over the next two to three years. This appointment was the major contributing factor to reduced profit for the year.

Revenue from contracts with customers increased by 1.2% only, the result of low interest rates with the consequent squeeze on margins. Directors in conjunction with the Manager and Bank support staff are continuing to work on ways to further increase the size of the revenue and profits.

The business for the year was driven by our Branch Manager Mark Coxhead, who joined in September 2013. Mark was ably supported by Yuvi, Sandy, Susan and Jordan. Our Mobile Relationship Manager returned to work for the Bank on 1 July 2022. Our branch staff has developed strong relationships with customers and community groups and give of their own time to contribute to community events.

Board of Directors

There has been no change to the Board of Directors during the year. Linda Beaumont continues as Company Secretary and Director and Amanda Harward remains as Treasurer and Director. Earle Johnston is the Chair of the Marketing and Sponsorship Committee and Vicki Maguire is the Chair of the Business Development Committee. All seven Directors, including Jane Carlisle and Kellie Griffiths serve on various committees and attend community functions throughout the year.

We were pleased to appoint Maria Becis as a Director on 28 July 2022, Maria having served on the Business Development Committee for several months. She will continue in that role. Maria is a chartered accountant and very involved with community activities.

Dividends to shareholders

The Directors will be considering the payment of a dividend following receipt of audited accounts for the year. The amount of any dividend will depend on a number of factors including profitability and cash flow. Dividends paid since establishment until November 2021 total 81.5 cents per share, or a total of $435,607. Dividends have been fully franked since the payment in November 2013, with the franking credits a useful additional source of income for many shareholders.

The company continues to have approximately 140 shareholders with a total shareholding of 534,487 shares.

Community investment

Our Community Bank company has played a key role in supporting our community, returning more than $956,000 for use in our local community organisations (and some further afield) since our opening in 2005. We think this is an outstanding achievement for a single branch and is possible only because local people and businesses bank with us.

These community grants and sponsorships have made a significant difference to a number of organisations including St Thomas More College, Acacia Ridge YMCA, Great South Run and local schools. We look forward to continuing to support these groups and others as more people bank with us and we become more successful.

We have been holding our Board meetings each month free of charge in the boardroom of Ice World Beaudesert Road Acacia Ridge and we thank that organisation for use of facilities.

Our partner

The company negotiated a new five (5) year Franchise Agreement with two options of five years with Bendigo and Adelaide Bank Limited to continue our relationship with the Bank. The Agreement expires on 22 November 2025. Concurrently the company negotiated an extension of our lease with the landlord JL Lander Pty Ltd.

Bendigo and Adelaide Bank provides invaluable support to our company and we acknowledge the contribution of our Regional Manager Ms Michelle Johnston and other members of the team.

The future

Our Manager Mark Coxhead continues to provide banking expertise to current and new customers and plays an important role in the community. Mark continues to meet the needs of customers with a comprehensive range of products.

The success of our Community Bank branch relies on funds generated through your banking, so I invite you to increase your support which will help bring big benefits to our community. We encourage you to refer family and friends to our staff to discuss their banking needs.

Our Annual General Meeting is planned to be held on Thursday 24 November 2022. With the restrictions imposed by Queensland Government in relation to COVID-19 being lifted, we hope to be meet with more shareholders for conversations with your Directors and branch staff.

I wish to thank my fellow Directors for their expertise and dedication over the year. Thanks are also extended to our administration assistant Maris Dirkx, our staff and customers for their continuing support.

Peter Henderson OAM
Chairman

Manager's report

For year ending 30 June 2022

The year ahead will certainly present many opportunities for us to continue to build and grow our business in the local Acacia Ridge community and surrounding suburbs, and promote the great work that we do in helping our community become an even better place to live, work and play.

It is with great pleasure that I present to you the Manager's Report for the 2021-22 year.

The year has presented many opportunities and challenges, however we should all be proud of the achievements we have made throughout the year.

During the past year we achieved a number of great outcomes including:

- We returned $52,041 through CEF grants and other charitable donations and sponsorships for use in our local community
- Participated and supported a number of local community events and projects to help our community continue to grow and prosper. It is through our involvement with these events that continue to lift our profile within the community and highlights the fantastic achievements that we as a Community Bank have made in the Acacia Ridge area
- We continued to build stronger, deeper relationships with our customers by having relevant and meaningful conversations about how we can help our customers achieve their financial goals and aspirations.

A snapshot of our business as at 30 June 2022:

- 2,655 customers
- 2.026 products per customer
- $121.5 million in total business.

With the support and efforts of our shareholders, Directors and staff we continue to make a real difference to both our customers and the local Acacia Ridge Community.

I would also like to take this opportunity to thank the efforts of all our branch staff, including Yuvi Yuvika, Sandy Ernst, Linda Wu, Susan Chan, Jordan Beckman and our Brisbane Regional Manager Michelle Johnston.

Without their ongoing hard work, dedication and support, the branch would not have been able to achieve the successes of the past year.

I would also like to thank you, the shareholders, who have continued to show support and commitment to the Community Bank Acacia Ridge.

In addition, I would like to make special mention and thanks to our volunteer Directors – Chairman Peter Henderson and his team, who spend countless hours being advocates of your Community Bank.

Manager’s report (continued)

Without their continued hard work and unwavering support of your Community Bank, we would not have been able to achieve the great successes and results that we have since we commenced on the 23 November 2005.

The year ahead

The year ahead will certainly present many opportunities for us to continue to build and grow our business in the local Acacia Ridge community and surrounding suburbs, and promote the great work that we do in helping our community become an even better place to live, work and play.

My goal as always, is to continue to lead and develop my team to help us grow our business, create stronger and deeper relationships with our customers and our local community by having meaningful and relevant conversations as to how we can help our customers achieve their financial goals and aspirations.

I encourage you all, including your family and friends, to call in and have a talk with our team so that we may assist you with all your financial needs.

By helping our customers grow, we in turn also grow, which enables us to further help our local Acacia Ridge community to prosper and thrive.

I am committed to working closely with you all over the next year to help achieve these outcomes, and I look forward to the challenges and successes that are ahead of us.

Once again, my appreciation and thanks to you all for your continued dedication and support over the past 12 months.

Mark Coxhead
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' report

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:	Peter Geoffrey Henderson OAM
Title:	Chair
Experience and expertise:	Company Director. Involved in banking, finance and accounting since 1962. Involved in community organisations for over 50 years. Holds a Bachelor of Business degree, as well as Graduate Diplomas in Finance & Investment and Management. Fellow of CPA Australia and the Securities Institute.
Special responsibilities:	Marketing & Sponsorship Committee, Audit & Finance Committee, Business Development Committee.

Name:	Amanda Lee Harward
Title:	Treasurer
Experience and expertise:	Accountant. Amanda is a Chartered Accountant and Director of a local accountancy firm. She holds a Bachelor of Commerce/ Bachelor of Business (Management) from the University of Queensland. She is a registered tax agent with over 20 years' experience in assisting small business clients with their accounting, business and taxation needs.
Special responsibilities:	Chair of Audit & Finance Committee.

Name:	Linda Anne Beaumont
Title:	Non-executive director
Experience and expertise:	Pharmacist. Linda has worked as a community pharmacist since 1979. At present she is self-employed performing home medicine reviews and locum pharmacist jobs. She has a Bachelor of Pharmacy and a post-graduate certificate in Medication Management. Linda has been involved with softball for over 20 years as a player, coach and other club roles, she has returned to playing socially. Linda was the South Brisbane softball association treasurer in 1997-98 and has been involved with Acacia Ridge Community Bank since its inception and a director since 2005. Linda was the managing partner of the Elizabeth St Chemmart Pharmacy from 1999-2007.
Special responsibilities:	Marketing and Sponsorship Committee.

Name:	Earle Alexander Johnston
Title:	Non-executive director
Experience and expertise:	Earle is a fundraising professional and has worked for The Salvation Army since July 2012. Previously, he was Fundraising Manager at 96.5 Family Radio (2 years) and a Senior Business Analyst at Telstra (12 years). Earle is a past President (2018-2021) of QUT Alumni Board (elected as a member 2012-2021) and was appointed to QUT Council in March 2018 to November 2021 and was a member of CHC (Christian Heritage College) Council Fundraising sub-committee (2017-2021). He previously held directorships in media and education. He is a member of AICD, Fundraising Institute Australia (FIA), holds Certified Fundraising Executive (CFRE) international accreditation and his most recent qualification is Master of Business, Philanthropy & Non Profit Studies QUT.
Special responsibilities:	Chairman, Marketing & Sponsorship Committee.

Name:	Victoria Louise Maguire
Title:	Non-executive director
Experience and expertise:	Property Management. Psychologist (retired), small business, M.A. (Psychology).
Special responsibilities:	Business Development Committee.

Name:	Jane Baxter Carlisle
Title:	Non-executive director
Experience and expertise:	Consultant. Jane has extensive previous experience as a Senior Queensland Government Officer responsible for delivering health service improvements. The experience involved engaging and partnering with health service providers, community groups, advocacy and non-government organisations to define and develop the service improvements. Extensive past and current experience in developing frameworks to support organisational governance including quality systems, policies, risk management, project management, data analysis and reporting. Jane has a Graduate Diploma in Health Administration and Information Systems and an Associate Diploma in Clinical Laboratory Techniques.
Special responsibilities:	Marketing and Sponsorship Committee, Audit & Finance Committee.

Name:	Angela Kellie Griffiths
Title:	Non-executive director
Experience and expertise:	Manager. Centre Manager of St David's Neighbourhood Centre. Passionate community member who believes in social justice and assisting people to reach their full potential.
Special responsibilities:	Audit & Finance Committee.

Name:	Maria Becis
Title:	Non-executive director (appointed 28 July 2022)
Experience and expertise:	Since commencing her professional career in 2000, Maria has gained valuable experience from working with several publicly listed companies both as an employee and consultant. Since 2008, Maria has established an accounting and tax practice, event management business, insurance business and finance business. Her core technical skills are in the areas of business development, stakeholder, community, corporate, business and government relations, law, taxation and commerce. Maria is a Chartered Accountant and her professional qualifications include a Bachelor of Laws/ Bachelor of Commerce and Masters of Applied Taxation.
Special responsibilities:	Business Development Committee.

Company secretary
The Company secretary is Linda Beaumont. Linda was appointed to the position of Company secretary on 1 January 2014.

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 loss for the company after providing for income tax amounted to $58,988 (30 June 2021: profit of $42,297).

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 5 cents per share (2021: 6 cents)	26,724

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 (including meetings of committees of directors') attended by each of the directors' of the company during the financial year were:

	Board		Audit & Finance Committee		Marketing & Sponsorship Committee		Business Development Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Peter Geoffrey Henderson OAM	11	11	10	9	11	11	5	5
Amanda Lee Harward	11	11	10	10	-	-	-	-
Linda Anne Beaumont	11	10	-	-	11	11	-	-
Earle Alexander Johnston	11	11	-	-	11	11	-	-
Victoria Louise Maguire	11	9	-	-	-	-	5	5
Jane Baxter Carlisle	11	9	10	9	11	7	-	-
Angela Kellie Griffiths	11	9	10	7	-	-	-	-

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 26 and 27 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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
Peter Geoffrey Henderson OAM	32,001	-	32,001
Amanda Lee Harward	10,000	-	10,000
Linda Anne Beaumont	7,501	-	7,501
Earle Alexander Johnston	400	-	400
Victoria Louise Maguire	50,001	-	50,001
Jane Baxter Carlisle	500	-	500
Angela Kellie Griffiths	200	-	200

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 28 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

Peter Geoffrey Henderson OAM
Chair

23 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 Acacia Ridge Financial Services Limited

As lead auditor for the audit of Acacia Ridge Financial Services 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: 23 September 2022

Adrian Downing
Lead Auditor

Financial statements

Acacia Ridge Financial Services 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	668,079	659,905
Other revenue	7	23,042	57,741
Finance revenue		515	1,801
Employee benefits expense	8	(530,641)	(394,183)
Advertising and marketing costs		(6,173)	(3,249)
Occupancy and associated costs		(15,924)	(20,057)
System costs		(18,307)	(20,198)
Depreciation and amortisation expense	8	(73,937)	(69,640)
Finance costs	8	(28,513)	(30,230)
General administration expenses		(85,298)	(85,756)
Profit/(loss) before community contributions and income tax (expense)/benefit		(67,157)	96,134
Charitable donations and sponsorships expense		(12,479)	(43,020)
Profit/(loss) before income tax (expense)/benefit		(79,636)	53,114
Income tax (expense)/benefit	9	20,648	(10,817)
Profit/(loss) after income tax (expense)/benefit for the year	21	(58,988)	42,297
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	20	-	18,030
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax	20	(18,223)	-
Other comprehensive income for the year, net of tax		(18,223)	18,030
Total comprehensive income for the year		(77,211)	60,327
		Cents	**Cents**
Basic earnings per share	30	(11.04)	7.91
Diluted earnings per share	30	(11.04)	7.91

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

Acacia Ridge Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	103,838	201,790
Trade and other receivables	11	25,593	46,123
Current tax assets	9	19,747	-
Total current assets		149,178	247,913
Non-current assets			
Financial assets	12	158,700	183,330
Property, plant and equipment	13	68,442	61,973
Right-of-use assets	14	729,464	750,368
Intangibles	15	43,861	56,772
Deferred tax assets	9	12,652	5,478
Total non-current assets		1,013,119	1,057,921
Total assets		1,162,297	1,305,834
Liabilities			
Current liabilities			
Trade and other payables	16	22,804	32,351
Lease liabilities	17	47,655	44,705
Current tax liabilities	9	-	362
Total current liabilities		70,459	77,418
Non-current liabilities			
Trade and other payables	16	29,534	44,301
Lease liabilities	17	756,893	774,986
Provisions	18	6,241	6,024
Total non-current liabilities		792,668	825,311
Total liabilities		863,127	902,729
Net assets		299,170	403,105
Equity			
Issued capital	19	405,476	405,476
Reserves	20	248	18,471
Accumulated losses	21	(106,554)	(20,842)
Total equity		299,170	403,105

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

Acacia Ridge Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Fair value reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020		405,476	441	(31,070)	374,847
Profit after income tax expense		-	-	42,297	42,297
Other comprehensive income, net of tax		-	18,030	-	18,030
Total comprehensive income		-	18,030	42,297	60,327
Transactions with owners in their capacity as owners:					
Dividends provided for	23	-	-	(32,069)	(32,069)
Balance at 30 June 2021		405,476	18,471	(20,842)	403,105

	Note	Issued capital $	Fair value reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2021		405,476	18,471	(20,842)	403,105
Profit after income tax expense		-	-	(58,988)	(58,988)
Other comprehensive income, net of tax		-	(18,223)	-	(18,223)
Total comprehensive income		-	(18,223)	(58,988)	(77,211)
Transactions with owners in their capacity as owners:					
Dividends provided for	23	-	-	(26,724)	(26,724)
Balance at 30 June 2022		405,476	248	(106,554)	299,170

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

Acacia Ridge Financial Services 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)		772,264	768,136
Payments to suppliers and employees (inclusive of GST)		(743,578)	(628,235)
		28,686	139,901
Dividends received		8,042	16,393
Interest received		706	2,166
Income taxes paid		(5,209)	(23,388)
Net cash provided by operating activities	29	32,225	135,072
Cash flows from investing activities			
Payments for investments		-	(23,887)
Payments for property, plant and equipment		(15,144)	(2,825)
Payments for intangibles		(13,424)	(13,424)
Net cash used in investing activities		(28,568)	(40,136)
Cash flows from financing activities			
Dividends paid	23	(26,724)	(32,069)
Repayment of lease liabilities	17	(74,885)	(72,884)
Net cash used in financing activities		(101,609)	(104,953)
Net decrease in cash and cash equivalents		(97,952)	(10,017)
Cash and cash equivalents at the beginning of the financial year		201,790	211,807
Cash and cash equivalents at the end of the financial year	10	103,838	201,790

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 Acacia Ridge Financial Services 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 Shop 5/28 Elizabeth Street, Acacia Ridge QLD 4110.

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 14 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.

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.

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

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.

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

Note 5. Economic dependency (continued)

- 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	468,694	480,902
Fee income	59,415	45,207
Commission income	139,970	133,796
Revenue from contracts with customers	668,079	659,905

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

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

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

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

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

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

Margin
Margin is arrived at through the following calculation:

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Market development fund	15,000	30,833
Cash flow boost	-	10,000
Dividend and distribution income	7,848	16,393
Other income	194	515
Other revenue	23,042	57,741

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

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

All revenue is stated net of the amount of GST.

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

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

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

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

Note 7. Other revenue (continued)

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	6,849	3,468
Plant and equipment	1,826	1,766
	8,675	5,234
Depreciation of right-of-use assets		
Leased motor vehicles	52,351	51,251
Amortisation of intangible assets		
Franchise fee	2,152	2,193
Franchise renewal fee	10,759	10,962
	12,911	13,155
	73,937	69,640

Finance costs

	2022 $	2021 $
Lease interest expense	28,296	29,977
Unwinding of make-good provision	217	253
	28,513	30,230

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	423,052	316,044
Superannuation contributions	44,305	29,732
Expenses related to long service leave	7,895	6,639
Other expenses	55,389	41,768
	530,641	394,183

Accounting policy for employee benefits
Bendigo Bank seconds employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	7,001	8,040

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 8. Expenses (continued)

Charitable donations, sponsorships and grants

	2022 $	2021 $
Direct donation, sponsorship and grant payments	12,479	35,743
Contribution to the Community Enterprise Foundation™	-	10,526
	12,479	46,269

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

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

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

	2022 $	2021 $
Disaggregation of CEF funds		
Opening balance	117,217	106,516
Contributions paid in	-	10,526
Grants paid out	(39,562)	-
Interest received	665	701
Management fees incurred	-	(526)
Balance available for distribution	78,320	117,217

Note 9. Income tax

	2022 $	2021 $
Income tax expense/(benefit)		
Current tax	-	14,746
Movement in deferred tax	(5,856)	2,516
Net benefit of franking credits on dividends received	(1,318)	(729)
Reduction in company tax rate	-	219
Changes in estimates related to prior years	-	393
Investments at FVTOCI	6,158	(6,328)
Future income tax benefit attributable to losses	(19,882)	-
Under/over provision in respect to prior years	250	-
Aggregate income tax expense/(benefit)	(20,648)	10,817
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	(79,636)	53,114
Tax at the statutory tax rate of 25% (2021: 26%)	(19,909)	13,810
Tax effect of:		
Reduction in company tax rate	-	219
Other assessable income	329	(2,410)
	(19,580)	11,619
Net benefit of franking credits on dividends received	(1,318)	(729)
Changes in estimates related to prior years	-	(73)
Under/over provision respect to prior years	250	-
Income tax expense/(benefit)	(20,648)	10,817

Note 9. Income tax (continued)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(10,041)	(8,150)
Lease liabilities	201,137	204,923
Provision for lease make good	1,560	1,506
Income accruals	(20)	(69)
Right-of-use assets	(182,366)	(187,592)
Fair value of investments	1,064	(5,140)
Carried-forward tax losses	1,318	-
Deferred tax asset	12,652	5,478

	2022 $	2021 $
Income tax refund due	19,747	-

	2022 $	2021 $
Provision for income tax	-	362

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

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	23,838	26,790
Term deposits	80,000	175,000
	103,838	201,790

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	13,766	34,640
Other receivables	2,818	-
Accrued income	3,681	5,151
Prepayments	5,328	6,332
	11,827	11,483
	25,593	46,123

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

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

Note 12. Financial assets

	2022 $	2021 $
Equity securities - designated at fair value through other comprehensive income	158,700	183,330

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

	2022 $	2021 $
Opening fair value	183,330	135,091
Additions	-	23,887
Revaluation increments	-	24,352
Revaluation decrements	(24,630)	-
Closing fair value	158,700	183,330

The company classifies financial assets as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other investments are classified as non-current.

Accounting policy for financial assets at fair value through other comprehensive income
Financial assets are recognised at fair value. The company has made an irrevocable election to recognise fair value movements of its investment class through other comprehensive income. The company designated the equity securities shown above as at fair value through other comprehensive income because these equity securities represent financial assets that the company intends to hold for the long term for strategic purposes.

Note 13. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	186,863	171,719
Less: Accumulated depreciation	(128,017)	(121,168)
	58,846	50,551
Plant and equipment - at cost	60,808	62,567
Less: Accumulated depreciation	(51,212)	(51,145)
	9,596	11,422
	68,442	61,973

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2020	52,429	11,953	64,382
Additions	1,590	1,235	2,825
Depreciation	(3,468)	(1,766)	(5,234)
Balance at 30 June 2021	50,551	11,422	61,973
Additions	15,144	-	15,144
Depreciation	(6,849)	(1,826)	(8,675)
Balance at 30 June 2022	58,846	9,596	68,442

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 diminishing value and 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	2 to 15 years
Plant and equipment	3 to 15 years

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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

Note 14. Right-of-use assets

	2022 $	**2021 $**
Land and buildings - right-of-use	1,061,069	1,029,622
Less: Accumulated depreciation	(331,605)	(279,254)
	729,464	750,368

Note 14. Right-of-use assets (continued)

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 $
Balance at 1 July 2020	513,676
Remeasurement adjustments	287,943
Depreciation expense	(51,251)
Balance at 30 June 2021	750,368
Remeasurement adjustments	31,447
Depreciation expense	(52,351)
Balance at 30 June 2022	729,464

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 17 for more information on lease arrangements.

Note 15. Intangibles

	2022 $	**2021 $**
Franchise fee	43,626	43,626
Less: Accumulated amortisation	(36,315)	(34,163)
	7,311	9,463
Franchise renewal fee	168,133	168,133
Less: Accumulated amortisation	(131,583)	(120,824)
	36,550	47,309
	43,861	56,772

Note 15. Intangibles (continued)

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	11,656	58,271	69,927
Amortisation expense	(2,193)	(10,962)	(13,155)
Balance at 30 June 2021	9,463	47,309	56,772
Amortisation expense	(2,152)	(10,759)	(12,911)
Balance at 30 June 2022	7,311	36,550	43,861

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)	November 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2025

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 16. Trade and other payables

	2022 $	**2021 $**
Current liabilities		
Trade payables	2,180	6,319
Other payables and accruals	20,624	26,032
	22,804	32,351
Non-current liabilities		
Other payables and accruals	29,534	44,301

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 17. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	75,827	73,000
Unexpired interest	(28,172)	(28,295)
	47,655	44,705
Non-current liabilities		
Land and buildings lease liabilities	935,200	973,333
Unexpired interest	(178,307)	(198,347)
	756,893	774,986

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	819,691	574,689
Remeasurement adjustments	31,446	287,909
Lease interest expense	28,296	29,977
Lease payments - total cash outflow	(74,885)	(72,884)
	804,548	819,691

Maturity analysis

	2022 $	2021 $
Not later than 12 months	75,827	73,000
Between 12 months and 5 years	303,308	292,000
Greater than 5 years	631,892	681,333
	1,011,027	1,046,333

Accounting policy for lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

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

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

Note 17. Lease liabilities (continued)

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

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

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

The company's lease portfolio includes:

Branch	The lease agreement commenced in November 2015. A 5 year renewal option was exercised in November 2020. The company has 2 x 5 year renewal option 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 November 2035. The discount rate used in calculations is 3.54%.

Note 18. Provisions

	2022 $	2021 $
Lease make good	6,241	6,024

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 $10,000, 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 November 2035 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 19. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	534,487	534,487	534,487	534,487
Return of capital payment	-	-	(106,897)	(106,897)
Less: Equity raising costs	-	-	(22,114)	(22,114)
	534,487	534,487	405,476	405,476

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.

Note 19. Issued capital (continued)

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").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 133. As at the date of this report, the company had 139 shareholders (2021: 141 shareholders).

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

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

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

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

Note 20. Reserves

Financial assets at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Fair value $
Balance at 1 July 2020	441
Fair value movement on equity instruments designated at FVTOCI	18,030
Balance at 30 June 2021	18,471
Fair value movement on equity instruments designated at FVTOCI	(18,223)
Balance at 30 June 2022	248

Note 21. Accumulated losses

	2022 $	**2021 $**
Accumulated losses at the beginning of the financial year	(20,842)	(31,070)
Profit/(loss) after income tax (expense)/benefit for the year	(58,988)	42,297
Dividends paid (note 23)	(26,724)	(32,069)
Accumulated losses at the end of the financial year	(106,554)	(20,842)

Note 22. 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 23. 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 5 cents per share (2021: 6 cents)	26,724	32,069

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	36,373	23,524
Franking credits (debits) arising from income taxes paid (refunded)	5,209	23,388
Franking debits from the payment of franked distributions	(8,908)	(11,268)
Franking credits from franked distributions received	1,163	729
	33,837	36,373
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	33,837	36,373
Franking credits (debits) that will arise from payment (refund) of income tax	(19,747)	362
Franking credits available for future reporting periods	14,090	36,735

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 24. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	17,447	39,791
Cash and cash equivalents	103,838	201,790
Financial assets	158,700	183,330
	279,985	424,911
Financial liabilities		
Trade and other payables	52,338	76,652
Lease liabilities	804,548	819,691
	856,886	896,343

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, 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 are measured at fair value through other comprehensive income.

Note 24. Financial instruments (continued)

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value through other comprehensive income. The company has elected do this and as such, net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss.

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. For equity securities any gain or loss on derecognition is recognised in other comprehensive income. Any gain or loss on other assets and liabilities is recognised through profit or loss.

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

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

Market risk
Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk
The 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).

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 $103,838 at 30 June 2022 (2021: $201,790). 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 24. 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	22,804	29,534	-	52,338
Lease liabilities	75,827	303,308	631,892	1,011,027
Total non-derivatives	98,631	332,842	631,892	1,063,365

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	32,351	44,301	-	76,652
Lease liabilities	73,000	292,000	681,333	1,046,333
Total non-derivatives	105,351	336,301	681,333	1,122,985

Note 25. 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	158,700	-	-	158,700
Total assets	158,700	-	-	158,700

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	183,330	-	-	183,330
Total assets	183,330	-	-	183,330

There were no transfers between levels during the financial year.

Note 26. Key management personnel disclosures

The following persons were directors of Acacia Ridge Financial Services Limited during the financial year:

Peter Geoffrey Henderson OAM
Amanda Lee Harward
Linda Anne Beaumont
Victoria Louise Maguire
Earle Alexander Johnston
Jane Baxter Carlisle
Angela Kellie Griffiths

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.

Compensation
Key management personnel compensation comprised the following.

Note 26. Key management personnel disclosures (continued)

	2022 $	2021 $
Short-term employee benefits	-	15,600

Note 27. Related party transactions

The following transactions occurred with related parties:

	2022 $	2021 $
Victoria Maguire is a Director of J L Lander Pty Ltd, J L Lander Pty Ltd own the premises occupied by the bank	74,885	72,884
Amanda Harward is a Director at Accounting Intelligence Pty Ltd, Acacia Ridge Financial Services Limited used the services of Accounting Intelligence Pty Ltd during the financial year.	9,930	9,097
Peter Henderson provided consulting and clercical services to the bank during the financial year.	2,572	1,306
Earle Johnston provided consulting services to the bank during the financial year.	2,812	1,815
Jane Carlisle provided consulting services to the bank during the financial year.	473	674

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

Note 28. 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	1,880	1,470
Share registry services	2,982	4,032
	4,862	5,502
	10,062	10,502

Note 29. Reconciliation of profit/(loss) after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit/(loss) after income tax (expense)/benefit for the year	(58,988)	42,297
Adjustments for:		
Depreciation and amortisation	73,937	69,739
Lease liability interest	28,295	29,878
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	20,530	(2,385)
Increase in income tax refund due	(19,747)	-
Increase in deferred tax assets	(7,174)	(3,588)
Increase/(decrease) in trade and other payables	(4,483)	12,838
Decrease in provision for income tax	(362)	(13,959)
Increase in other provisions	217	252
Net cash provided by operating activities	32,225	135,072

Note 30. Earnings per share

	2022 $	2021 $
Profit/(loss) after income tax	(58,988)	42,297
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	534,487	534,487
Weighted average number of ordinary shares used in calculating diluted earnings per share	534,487	534,487
	Cents	**Cents**
Basic earnings per share	(11.04)	7.91
Diluted earnings per share	(11.04)	7.91

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Acacia Ridge Financial Services 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 31. Commitments

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

Note 32. Contingencies

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

Note 33. Events after the reporting period

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Peter Geoffrey Henderson OAM
Chair

23 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 Acacia Ridge Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

i. giving a true and fair view of the company's financial position as at 30 June 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: 23 September 2022

Adrian Downing
Lead Auditor

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Bendigo Bank