

# Annual Report 2022

Augusta & Districts Community  
Financial Services Limited

Community Bank  
Augusta Margaret River  
ABN 64 110 946 168

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## Augusta & Districts Community Financial Services Ltd Chairman's Report

In a year that has been unprecedented in challenges for our Board, they have remained positive and focused, and I thank them for their valiant efforts. The 2021 Strategy has remained the key document to guide us during the last year. The primary driver for this Strategy is to grow the bank footprint and increase its income.

Thanks to Deputy Chair Cinde Fisher, who is sharing the workload in an entirely collaborative way and Treasurer Donna Adams, who prioritises the Community Bank at all times.

Miriam Bailey has been diligent as Company Secretary, and in Marketing and Admin, Mel Hughes has taken up the workload with enthusiasm and dedication.

We thank our previous Staff for their everyday care and professional service to Augusta Margaret River communities and welcome our new staff members.

We thank the Regional Manager, Michelle Brace, for her unswerving hard work during the challenging year of staff shortages. In addition, we thank WA State Manger Joe Faraone for his positive attention and support.

The last year saw rolling closures of the branch due to staff shortages, which caused customers distress. Two factors were extraordinarily problematic and out of our control. First, state-wide due to Covid, relief staff were in huge demand across 40 branches. Therefore, obtaining relief staff when we needed them was difficult. Secondly, two branch managers resigned throughout this period. These matters were out of our control and impacted staffing but also put the remaining staff under significant stress.

Re-building the branch staff team: In these times of significant recruitment challenges across many industries, it has been challenging to attract staff. To this end, we are pleased to announce that we have appointed a very experienced Branch Manager who will be commencing work shortly.

The branch needed a better and longer-term solution regarding staffing, and we have recently moved from operating with three to four staff positions. This will now afford us enough staff coverage during holidays and periods of illness. We now have an additional Customer Service Officer.

### FINANCIAL OVERVIEW

Despite the very difficult year we have been able to hold our ground but without a Branch Manager business was dwindling. Our lower income has been offset to a degree with lower wages and so the position is static for the last financial year. We move into the new financial year with a positive budget but with a great need to improve our book in lending and deposits.

### THE FUTURE PLAN

The most important question to customers and shareholders is the long-term plan for operating the Community Bank Augusta Margaret River Branch. With a new Branch Manager and staffing structure, we intend to build the business and remain open for the long term. We understand that the branch is a crucial asset for business and an essential part of the Augusta community. However, our intention needs to be matched by loyalty from residents bringing more of their banking to us.

In the previous year, we changed to being open for shorter hours but five days per week in response to customers. The change to increase staffing positions is equally essential to have consistent service.

While we had an office space in Margaret River ready for growth of that part of our business, without a Branch Manager, this has been put on hold. We now anticipate putting this plan into action and securing more business there.

We plan to continue to improve our viability and work toward a significant profit.

As other banks have left Augusta, the community remains indebted to the founding Board of directors and the Boards of Directors of the last 20 years.

Finally, and very importantly, we thank you, the Shareholders, for investing in your community. It is a salient point that while there are no dividends yet and the value of the shares remains low, your Community Bank serves the community and supports community groups. The initial investment to start the bank has been surpassed by the total amount of donations from Community Bank Augusta Margaret River back to community groups of more than \$500,000. Our bank is worthy of your continued support.

We ask you, the Shareholders, to be our ambassadors in the community and help us to grow the business.

Regards,

Jennifer Gherardi  
Board Chairman

# Augusta & Districts Community Financial Services Ltd

ABN 64 110 946 168

Financial Report - 30 June 2022

## Augusta & Districts Community Financial Services Ltd

### Directors' report

30 June 2022

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

#### Directors

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

Name:	Jennifer Anne Gherardi
Title:	Chair
Experience and expertise:	Jennifer's' qualifications include; BSc Communications Studies, 1st Class Honours in Media, Vice Chancellors Award for Academic Excellence and Training and mentoring at BBC London in New Media. Jennifer has both business and community experience, she and her partner developed Freycinet Estate (now Voyage Estate) in the commencement of the wine industry in the Margaret River. She went onto becoming a Film and Television Producer/Director making independent films for SBS and ABC TV. Jennifer co-manages Meeks House in Margaret River and is a Chamber of Commerce member. Her community contributions include being; a lactation counsellor for 15 years, a founding member of The Margaret River Community Centre, and a CinefestOZ Film Festival board director for 8 years.
Special responsibilities:	Marketing Committee.
Name:	Cinde Blanche Fisher
Title:	Non-executive director
Experience and expertise:	Bachelor of Science (Computer Science & Financial Accounting).
Special responsibilities:	Audit Committee.
Name:	Nicholas Fairbairn Dornan
Title:	Non-executive director
Experience and expertise:	Nicholas' previous roles included a designer in the entertainment industry UK, General Manager of Samuelson Vari-lites UK (Europe and Asia) . Former Shire president of Augusta Margaret River. He is currently on the Shire Sustainability Advisory committee, is the Secretary of the Augusta Golf Club and the Vice President of the Margaret River Tennis Club.
Special responsibilities:	Nil.
Name:	Jodie Boyd Lane
Title:	Non-executive director
Experience and expertise:	Farmer, small business owner, educator, venue provider, event organiser.
Special responsibilities:	Marketing Committee.
Name:	Donna Adams
Title:	Non-executive director
Experience and expertise:	Donna was born in Margaret River and now lives in Augusta with her husband and two daughters. She holds a Cert IV in Financial Services/Bookkeeping and is a BAS agent with Tax Practitioner Board. Donna is the owner of Nautilus Business Solutions, a small Accounting & Bookkeeping firm with four employees and has also just started Donna Adams Business Coaching. Currently Donna is in her last year of studying a BPsych at Curtin University, where she is a Member of Vice Chancellor List 2019 (top 1%). Donna also presently volunteers as a mentor to 12 students who are new to Curtin University and is a committee member on the 'Open The Gate' group (mental health awareness and suicide prevention in rural and marginalised communities. She is also 2017 Alumni of Women & Leadership Australia.
Special responsibilities:	Nil.

## Augusta & Districts Community Financial Services Ltd

### Directors' report

30 June 2022

Name: Clare Nicole Gleeson  
 Title: Non-executive director  
 Experience and expertise: Bachelor of Science (Environmental Science), Bachelor of Laws. Admitted to practice as a Solicitor and Barrister in 2005. 16 years practicing experience. Principal of Cape to Cape Lawyers. Chair person of Western Australian Underwater Hockey Commission Inc.  
 Special responsibilities: Nil.

Name: Julie Alice Kirby  
 Title: Non-executive director (appointed 26 May 2022)  
 Experience and expertise: With more than 20 years' experience specialising in agribusiness, Julie is a consultant who uses her financial acumen to drive competitiveness and improved commercial outcomes in the private sector and applies her robust strategic planning and analytical thinking skills to projects spanning Government, industry peak bodies and Not-for-Profit organisations. Julie helps clients build and execute powerful business strategies, navigate change and improve organisational, team and leadership effectiveness. Julie has an MBA and is a graduate of the Australian Institute of Company Directors.  
 Special responsibilities: Nil.

Name: Mathew John Cuthbert  
 Title: Non-executive director (appointed 26 May 2022)  
 Experience and expertise: Mathew has been a town planner for 22 years working in both the local government and state government sectors. Mathew has worked for the Shire of Augusta Margaret River for the last 9 years and is currently the Manager of Planning and Regulatory Services. Mathew has helped to initiate and develop the Busselton Community Garden and held positions on the Committee between its inception in 2005 and 2013.  
 Special responsibilities: Nil.

Name: Lisa Jane Garside  
 Title: Non-executive director (resigned 19 January 2022)  
 Experience and expertise: With more than 20 years of experience in the key areas of Corporate Affairs, PR, Marketing and Stakeholder Engagement, Lisa's career has traversed industries from mining, tourism, health, property, gaming, and finance, to the Arts, not for profit, aged care and digital sectors. Lisa has held key Public Relations and Marketing roles for leading organisations, including The Western Australian Museum, Burswood Resort Casino (CROWN), InterContinental Hotels Group (IHG), Rio Tinto, Arthur Andersen, SGIO and Worsley Alumina - along with dynamic start-ups, small businesses including: rent.com.au, Olio Bello and Watersun Property. In addition to holding several senior corporate positions, Lisa has completed language and cultural education in Japan, Italy, Switzerland and France, developed a global humanitarian proposal for the Nelson Mandela Foundation, worked with St Patrick's Community Support Charity for homelessness and organised large-scale events and conferences across the Asia Pacific region - including International Tax Conferences, CHOGM opening for WA Museum and Dr Jane Goodall's Perth Welcome. Lisa holds a Bachelor of Arts Degree from the University of Western Australia, majoring in English Literature and Corporate Psychology, and postgraduate qualifications, in business from Edith Cowan University.  
 Special responsibilities: Nil.

### Company secretary

The Company secretary is Miriam Rachel Bailey. Miriam was appointed to the position of Company secretary on 20 June 2019.

Experience and expertise: Miriam was a past Auditor at Ernst & Young, Tax Manager at NKH Knight and Facilitator for the Institute of Chartered Accountants. She is a Director of AMD Margaret River (tax and advisory) and holds a Bachelor of Commerce major in Professional Accounting, minor in Business Law, Chartered Accountant, Certified Tax Advisor, Diploma of Financial Planning.

## Augusta & Districts Community Financial Services Ltd

### Directors' report

### 30 June 2022

#### Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

#### Review of operations

The profit for the company after providing for income tax amounted to \$12,627 (30 June 2021: \$15,376).

Operations have continued to perform in line with expectations.

#### Dividends

No dividends were declared or paid in the current financial year.

#### 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

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted an increase in the revenue streams for the first couple of months July – August 2022.

No other 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 Eligible	Board Attended	Marketing Committee Eligible	Marketing Committee Attended
Jennifer Anne Gherardi	8	8	1	1
Cinde Blanche Fisher	8	8	-	-
Nicholas Fairbairn Dornan	8	6	-	-
Jodie Boyd Lane	8	6	1	1
Donna Adams	8	3	-	-
Claire Nicole Gleeson	8	5	-	-
Julie Alice Kirby	1	-	-	-
Mathew John Cuthbert	1	-	-	-
Lisa Jane Garside	4	4	-	-

#### 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 24 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.



## Augusta & Districts Community Financial Services Ltd

### Directors' report

### 30 June 2022

#### 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
Jennifer Anne Gherardi	-	-	-
Cinde Blanche Fisher	-	-	-
Nicholas Fairbairn Dornan	-	-	-
Jodie Boyd Lane	-	-	-
Donna Adams	-	-	-
Claire Nicole Gleeson	-	-	-
Julie Alice Kirby	-	-	-
Mathew John Cuthbert	-	-	-
Lisa Jane Garside	-	-	-

#### 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 26 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.

**Augusta & Districts Community Financial Services Ltd**  
**Directors' report**  
**30 June 2022**

**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



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Jennifer Anne Gherardi  
Chair

14 October 2022

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Augusta & Districts Community Financial Services Ltd

As lead auditor for the audit of Augusta & Districts Community Financial Services Ltd 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: 14 October 2022



**Joshua Griffin**  
Lead Auditor

**Augusta & Districts Community Financial Services Ltd**  
**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	317,801	379,596
Other revenue	7	37,500	49,551
Employee benefits expense	8	(168,676)	(190,036)
Advertising and marketing costs		(4,369)	(14,797)
Occupancy and associated costs		(24,748)	(10,308)
System costs		(14,966)	(16,086)
Depreciation and amortisation expense	8	(34,883)	(40,977)
Finance costs	8	(8,518)	(10,217)
General administration expenses		(50,526)	(86,758)
<b>Profit before community contributions and income tax expense</b>		48,615	59,968
Charitable donations and sponsorships expense		(31,533)	(32,427)
<b>Profit before income tax expense</b>		17,082	27,541
Income tax expense	9	(4,455)	(12,165)
<b>Profit after income tax expense for the year</b>	20	12,627	15,376
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>12,627</u>	<u>15,376</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	28	2.03	2.47
Diluted earnings per share	28	2.03	2.47

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

**Augusta & Districts Community Financial Services Ltd**  
**Statement of financial position**  
**As at 30 June 2022**

	Note	2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Trade and other receivables	10	36,519	13,733
Total current assets		<u>36,519</u>	<u>13,733</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	17,947	20,542
Right-of-use assets	12	78,437	69,124
Intangibles	13	41,386	54,285
Deferred tax assets	9	198,479	202,934
Total non-current assets		<u>336,249</u>	<u>346,885</u>
<b>Total assets</b>		<u>372,768</u>	<u>360,618</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	35,438	28,286
Borrowings	15	225,942	226,825
Lease liabilities	16	30,274	18,158
Employee benefits	17	4,683	7,727
Total current liabilities		<u>296,337</u>	<u>280,996</u>
<b>Non-current liabilities</b>			
Trade and other payables	14	29,747	44,620
Lease liabilities	16	61,141	61,923
Employee benefits	17	150	1,089
Provisions	18	22,353	21,577
Total non-current liabilities		<u>113,391</u>	<u>129,209</u>
<b>Total liabilities</b>		<u>409,728</u>	<u>410,205</u>
<b>Net liabilities</b>		<u>(36,960)</u>	<u>(49,587)</u>
<b>Equity</b>			
Issued capital	19	621,813	621,813
Accumulated losses	20	(658,773)	(671,400)
<b>Total equity</b>		<u>(36,960)</u>	<u>(49,587)</u>

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

**Augusta & Districts Community Financial Services Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2022**

	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2020</b>	621,813	(686,776)	(64,963)
Profit after income tax expense	-	15,376	15,376
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	15,376	15,376
<b>Balance at 30 June 2021</b>	<u>621,813</u>	<u>(671,400)</u>	<u>(49,587)</u>
<b>Balance at 1 July 2021</b>	621,813	(671,400)	(49,587)
Profit after income tax expense	-	12,627	12,627
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	12,627	12,627
<b>Balance at 30 June 2022</b>	<u>621,813</u>	<u>(658,773)</u>	<u>(36,960)</u>

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

**Augusta & Districts Community Financial Services Ltd**  
**Statement of cash flows**  
**For the year ended 30 June 2022**

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		374,503	493,285
Payments to suppliers and employees (inclusive of GST)		<u>(334,989)</u>	<u>(378,740)</u>
		39,514	114,545
Interest and other finance costs paid		<u>(4,689)</u>	<u>(4,960)</u>
Net cash provided by operating activities	27	<u>34,825</u>	<u>109,585</u>
<b>Cash flows from investing activities</b>			
Payments for intangibles		(13,521)	(13,521)
Payments for right of use assets		<u>(28,702)</u>	<u>-</u>
Net cash used in investing activities		<u>(42,223)</u>	<u>(13,521)</u>
<b>Cash flows from financing activities</b>			
Proceeds from lease liabilities		35,174	-
Repayment of lease liabilities	16	<u>(26,893)</u>	<u>(25,460)</u>
Net cash provided by/(used in) financing activities		<u>8,281</u>	<u>(25,460)</u>
Net increase in cash and cash equivalents		883	70,604
Cash and cash equivalents at the beginning of the financial year		<u>(226,825)</u>	<u>(297,429)</u>
Cash and cash equivalents at the end of the financial year	15	<u><u>(225,942)</u></u>	<u><u>(226,825)</u></u>

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

## Augusta & Districts Community Financial Services Ltd

### Notes to the financial statements

#### 30 June 2022

#### Note 1. Reporting entity

The financial statements cover Augusta & Districts Community Financial Services Ltd (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 54 Blackwood Avenue, Augusta WA 6290.

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 October 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.

#### Going concern

The financial statements for the financial year end 30 June 2022 have been prepared on the basis that the company is a going concern and it would continue its operations for a foreseeable future.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. As disclosed in the financial statements, the company's financial position is as follows:

	2022 \$	2021 \$	Change \$	Change %
Current assets	36,519	13,733	22,786	166%
Current liabilities	(296,337)	(280,996)	(15,341)	5%
Working capital (deficiency)	(259,818)	(267,263)	7,445	(3%)
	2022 \$	2021 \$	Change \$	Change %
Total assets	372,768	360,618	12,150	3%
Total liabilities	(409,728)	(410,205)	477	-
Net assets/(liabilities)	(36,960)	(49,587)	12,627	(25%)
Accumulated losses	(658,773)	(671,400)	12,627	(2%)
Profit/(loss) before tax	17,082	27,541	(10,459)	(38%)
Profit/(loss) after tax	12,627	15,376	(2,749)	(18%)
Total comprehensive income	12,627	15,376	(2,749)	(18%)
Operating cash inflows (outflows)	34,825	109,585	(74,760)	(68%)
Available overdraft and borrowing facilities	174,058	173,175	883	1%

The company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of \$400,000 and was drawn to \$225,942 as at 30 June 2022

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current overdraft facility.



## Augusta & Districts Community Financial Services Ltd

### Notes to the financial statements

#### 30 June 2022

#### Note 2. Basis of preparation and statement of compliance (continued)

The current economic environment is difficult and while the company has recorded an operated profit before tax while remaining in a net working capital deficiency at 30 June 2022 of \$259,818, which is where the current liabilities exceed current assets. The revenue from contracts with customers has decreased by \$61,795 (16%) from the prior year. The directors' consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 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.

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.

## Augusta & Districts Community Financial Services Ltd

### Notes to the financial statements

#### 30 June 2022

#### Note 3. Significant accounting policies (continued)

##### *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.

##### *Estimation of useful lives of assets*

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

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

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

## Augusta & Districts Community Financial Services Ltd

### Notes to the financial statements

#### 30 June 2022

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

##### *Recovery of deferred tax assets*

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

##### *Lease term*

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

##### *Incremental borrowing rate*

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

##### *Employee benefits provision*

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

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

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

##### *Lease make good provision*

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

#### Note 5. Economic dependency

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

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

## Augusta & Districts Community Financial Services Ltd

### Notes to the financial statements

#### 30 June 2022

#### Note 5. Economic dependency (continued)

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

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

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

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

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

#### Note 6. Revenue from contracts with customers

	2022 \$	2021 \$
Margin income	264,527	330,577
Fee income	31,834	25,145
Commission income	21,440	23,874
Revenue from contracts with customers	<u>317,801</u>	<u>379,596</u>

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:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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.

## Augusta & Districts Community Financial Services Ltd

### Notes to the financial statements

#### 30 June 2022

#### Note 6. Revenue from contracts with customers (continued)

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
<b>plus:</b>	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
<b>minus:</b>	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

##### *Commission*

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

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

##### *Fee income*

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

##### *Core banking products*

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

##### *Ability to change financial return*

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

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

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.

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
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**Note 7. Other revenue**

	2022 \$	2021 \$
Market development fund	37,500	37,500
Cash flow boost	-	12,051
	<hr/>	<hr/>
Other revenue	<u>37,500</u>	<u>49,551</u>

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.

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
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).

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.

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.

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 8. Expenses**

**Depreciation and amortisation expense**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Depreciation of non-current assets</i>		
Leasehold improvements	473	590
Plant and equipment	<u>2,122</u>	<u>2,380</u>
	<u>2,595</u>	<u>2,970</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	16,590	25,108
Leased motor vehicles	<u>2,799</u>	<u>-</u>
	<u>19,389</u>	<u>25,108</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,150	2,150
Franchise renewal fee	<u>10,749</u>	<u>10,749</u>
	<u>12,899</u>	<u>12,899</u>
	<u><u>34,883</u></u>	<u><u>40,977</u></u>

**Finance costs**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Bank overdraft interest paid or accrued	4,689	4,960
Lease interest expense	3,053	4,508
Unwinding of make-good provision	<u>776</u>	<u>749</u>
	<u>8,518</u>	<u>10,217</u>

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

**Employee benefits expense**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	139,885	169,311
Superannuation contributions	14,126	17,020
Expenses related to long service leave	(939)	(622)
Other expenses	<u>15,604</u>	<u>4,327</u>
	<u>168,676</u>	<u>190,036</u>

**Leases recognition exemption**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Expenses relating to low-value leases	<u>5,579</u>	<u>5,367</u>

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.

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
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**Note 9. Income tax**

	2022 \$	2021 \$
<i>Income tax expense</i>		
Movement in deferred tax	6,902	(1,153)
Reduction in company tax rate	-	8,117
Recoupment of prior year tax losses	-	5,201
Future income tax benefit attributable to losses	(2,447)	-
	<u>4,455</u>	<u>12,165</u>
<i>Aggregate income tax expense</i>		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	17,082	27,541
Tax at the statutory tax rate of 25% (2021: 26%)	4,271	7,161
Tax effect of:		
Non-deductible expenses	184	20
Reduction in company tax rate	-	8,117
Other assessable income	-	(3,133)
	<u>4,455</u>	<u>12,165</u>
Income tax expense	<u>4,455</u>	<u>12,165</u>
	<b>2022</b> \$	<b>2021</b> \$
<i>Deferred tax assets/(liabilities)</i>		
Carried-forward tax losses	199,705	197,258
Employee benefits	1,326	2,204
Provision for lease make good	5,588	5,394
Accrued expenses	476	475
Lease liabilities	15,481	20,020
Right-of-use assets	(19,610)	(17,281)
Property, plant and equipment	(4,487)	(5,136)
	<u>198,479</u>	<u>202,934</u>
Deferred tax asset	<u>198,479</u>	<u>202,934</u>

*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.



**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
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**Note 9. Income tax (continued)**

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. Trade and other receivables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	30,060	13,666
Prepayments	6,459	67
	<u>36,519</u>	<u>13,733</u>

*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 11. Property, plant and equipment**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements - at cost	83,932	83,932
Less: Accumulated depreciation	(82,038)	(81,565)
	<u>1,894</u>	<u>2,367</u>
Plant and equipment - at cost	116,545	116,545
Less: Accumulated depreciation	(100,492)	(98,370)
	<u>16,053</u>	<u>18,175</u>
	<u>17,947</u>	<u>20,542</u>

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	2,957	20,555	23,512
Depreciation	(590)	(2,380)	(2,970)
Balance at 30 June 2021	2,367	18,175	20,542
Depreciation	(473)	(2,122)	(2,595)
Balance at 30 June 2022	<u>1,894</u>	<u>16,053</u>	<u>17,947</u>

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 11. Property, plant and equipment (continued)**

*Accounting policy for property, plant and equipment*

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

Depreciation is calculated on a 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	5 years
Plant and equipment	2.5 to 40 years

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

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

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

*Changes in estimates*

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

**Note 12. Right-of-use assets**

	2022 \$	2021 \$
Land and buildings - right-of-use	341,179	341,179
Less: Accumulated depreciation	<u>(288,645)</u>	<u>(272,055)</u>
	<u>52,534</u>	<u>69,124</u>
Motor vehicles - right-of-use	28,702	-
Less: Accumulated depreciation	<u>(2,799)</u>	<u>-</u>
	<u>25,903</u>	<u>-</u>
	<u><u>78,437</u></u>	<u><u>69,124</u></u>

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 \$	Motor Vehicle \$	Total \$
Balance at 1 July 2020	151,728	-	151,728
Remeasurement adjustments	(57,496)	-	(57,496)
Depreciation expense	<u>(25,108)</u>	<u>-</u>	<u>(25,108)</u>
Balance at 30 June 2021	69,124	-	69,124
Additions	-	28,702	28,702
Depreciation expense	<u>(16,590)</u>	<u>(2,799)</u>	<u>(19,389)</u>
Balance at 30 June 2022	<u><u>52,534</u></u>	<u><u>25,903</u></u>	<u><u>78,437</u></u>

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
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**Note 12. Right-of-use assets (continued)**

*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 16 for more information on lease arrangements.

**Note 13. Intangibles**

	2022 \$	2021 \$
Franchise fee	93,676	93,676
Less: Accumulated amortisation	<u>(86,779)</u>	<u>(84,629)</u>
	6,897	9,047
Franchise renewal fee	168,384	168,384
Less: Accumulated amortisation	<u>(133,895)</u>	<u>(123,146)</u>
	34,489	45,238
	<u>41,386</u>	<u>54,285</u>

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	388	1,940	2,328
Additions	10,809	54,047	64,856
Amortisation expense	<u>(2,150)</u>	<u>(10,749)</u>	<u>(12,899)</u>
Balance at 30 June 2021	9,047	45,238	54,285
Amortisation expense	<u>(2,150)</u>	<u>(10,749)</u>	<u>(12,899)</u>
Balance at 30 June 2022	<u>6,897</u>	<u>34,489</u>	<u>41,386</u>

*Additions*

During the previous financial year the franchise fees were renewed. Both are to be amortised over five years to August 2025.

*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.

**Augusta & Districts Community Financial Services Ltd**  
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**Note 13. Intangibles (continued)**

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	August 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	August 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 14. Trade and other payables**

	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables	4,847	2,953
Other payables and accruals	30,591	25,333
	<u>35,438</u>	<u>28,286</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>29,747</u>	<u>44,620</u>

*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 15. Borrowings**

	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Current liabilities</i>		
Bank overdraft	<u>225,942</u>	<u>226,825</u>
<i>Financing arrangements</i>		
Unrestricted access was available at the reporting date to the following lines of credit:		
	<b>2022</b>	<b>2021</b>
	\$	\$
Total facilities		
Bank overdraft	<u>400,000</u>	<u>400,000</u>
Used at the reporting date		
Bank overdraft	<u>225,942</u>	<u>226,825</u>
Unused at the reporting date		
Bank overdraft	<u>174,058</u>	<u>173,175</u>

**Augusta & Districts Community Financial Services Ltd**  
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**Note 15. Borrowings (continued)**

*Bank overdraft*

The bank overdraft is repayable on demand and used for cash management purposes. The bank overdraft has a rolling renewal date and is reviewed annually by the lender, Bendigo Bank. It is secured by a floating charge over the company's assets. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

*Accounting policy for borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

*Accounting policy for cash and cash equivalents*

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

**Note 16. Lease liabilities**

	2022 \$	2021 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	20,700	20,700
Unexpired interest	(1,889)	(2,542)
Motor vehicle lease liabilities	12,385	-
Unexpired interest	(922)	-
	<u>30,274</u>	<u>18,158</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	44,850	65,550
Unexpired interest	(1,739)	(3,627)
Motor vehicle lease liabilities	18,577	-
Unexpired interest	(547)	-
	<u>61,141</u>	<u>61,923</u>
<i>Reconciliation of lease liabilities</i>		
	2022 \$	2021 \$
Opening balance	80,081	158,528
Additional lease liabilities recognised	35,174	-
Remeasurement adjustments	-	(57,495)
Lease interest expense	3,053	4,508
Lease payments - total cash outflow	(26,893)	(25,460)
	<u>91,415</u>	<u>80,081</u>
<i>Maturity analysis</i>		
	2022 \$	2021 \$
Not later than 12 months	33,085	20,700
Between 12 months and 5 years	63,427	65,550
	<u>96,512</u>	<u>86,250</u>

## Augusta & Districts Community Financial Services Ltd

### Notes to the financial statements

#### 30 June 2022

#### Note 16. Lease liabilities (continued)

##### *Accounting policy for lease liabilities*

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

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

The company's lease portfolio includes:

Augusta branch	The lease agreement commenced in July 2005. A 1 year renewal option was exercised in July 2021. The company has a 2x1 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 September 2025. The discount rate used in calculations is 3.54%.
Motor Vehicle	The lease agreement is a non-cancellable term of three years which commenced in January 2022. Upon the final lease payment the registered security over the motor vehicle is removed.

#### Note 17. Employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	<u>4,683</u>	<u>7,727</u>
<i>Non-current liabilities</i>		
Long service leave	<u>150</u>	<u>1,089</u>

##### *Accounting policy for employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 17. Employee benefits (continued)**

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

*Superannuation contributions*

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

*Short-term employee benefits*

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

*Other long-term employee benefits*

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

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

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

**Note 18. Provisions**

	2022 \$	2021 \$
Lease make good	<u>22,353</u>	<u>21,577</u>

*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 \$25,000 for the Augusta Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 August 2025 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	<u>621,813</u>	<u>621,813</u>	<u>621,813</u>	<u>621,813</u>

## Augusta & Districts Community Financial Services Ltd

### Notes to the financial statements

#### 30 June 2022

#### Note 19. Issued capital (continued)

##### *Accounting policy for issued capital*

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

##### *Rights attached to issued capital*

##### *Ordinary shares*

##### Voting rights

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

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

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

##### Dividends

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

##### Transfer

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

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

##### *Prohibited shareholding interest*

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

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

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

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

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



**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 19. Issued capital (continued)**

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

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

**Note 20. Accumulated losses**

	2022 \$	2021 \$
Accumulated losses at the beginning of the financial year	(671,400)	(686,776)
Profit after income tax expense for the year	<u>12,627</u>	<u>15,376</u>
Accumulated losses at the end of the financial year	<u><u>(658,773)</u></u>	<u><u>(671,400)</u></u>

**Note 21. 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 22. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 23. Financial instruments**

	2022 \$	2021 \$
<b>Financial assets</b>		
Trade and other receivables	30,060	13,666
<b>Financial liabilities</b>		
Trade and other payables	65,185	72,906
Lease liabilities	91,415	80,081
Bank overdrafts	225,942	226,825
	<u>382,542</u>	<u>379,812</u>

*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, borrowings and lease liabilities.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus, transaction costs (where applicable) when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

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

**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.

**Cash flow and fair value interest rate risk**

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

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

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 23. Financial instruments (continued)**

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2022		2021	
	Nominal interest rate %	Balance \$	Nominal interest rate %	Balance \$
Bank overdraft	2.232%	<u>225,942</u>	2.035%	<u>226,825</u>
Net exposure to cash flow interest rate risk		<u><u>225,942</u></u>		<u><u>226,825</u></u>

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

**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.

**Financing arrangements**

Unused borrowing facilities at the reporting date:

	2022 \$	2021 \$
Bank overdraft	<u>174,058</u>	<u>173,175</u>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

**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 \$
<b>Non-derivatives</b>				
Bank overdraft	225,942	-	-	225,942
Trade and other payables	35,438	29,747	-	65,185
Lease liabilities	33,085	63,427	-	96,512
Total non-derivatives	<u>294,465</u>	<u>93,174</u>	<u>-</u>	<u>387,639</u>

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 23. Financial instruments (continued)**

2021	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>				
Bank overdraft	226,825	-	-	226,825
Trade and other payables	28,286	44,620	-	72,906
Lease liabilities	20,700	65,550	-	86,250
Total non-derivatives	<u>275,811</u>	<u>110,170</u>	<u>-</u>	<u>385,981</u>

**Note 24. Key management personnel disclosures**

The following persons were directors of Augusta & Districts Community Financial Services Ltd during the financial year:

Jennifer Anne Gherardi	Donna Adams
Cinde Blanche Fisher	Claire Nicole Gleeson
Nicholas Fairbairn Dornan	Lisa Jane Garside
Jodie Boyd Lane	Julie Alice Kirby
Lisa Jane Garside	Mathew John Cuthbert

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

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

**Note 25. Related party transactions**

The following transactions occurred with related parties:

	2022 \$	2021 \$
Neil Richard Martin received remuneration from Bendigo and Adelaide Bank Limited for his services as Chairman of the company and to cover travel costs incurred in the prior period. The total benefit received was:	-	13,361
Miriam Rachel Bailey received remuneration for her role as company secretary and ASIC registered agent through AMD Margaret River Pty Ltd in the prior period. The total benefit received was:	-	3,240
Donna Adams' accounting firm, Nautilus Business Solutions provides bookkeeping, BAS agent and administration services for the company	6,371	5,232

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

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 26. 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 \$
<i>Audit services</i>		
Audit or review of the financial statements	5,200	5,000
<i>Other services</i>		
Taxation advice and tax compliance services	600	600
General advisory services	2,890	3,090
	3,490	3,690
	8,690	8,690

**Note 27. Reconciliation of profit after income tax to net cash provided by operating activities**

	2022 \$	2021 \$
Profit after income tax expense for the year	12,627	15,376
Adjustments for:		
Depreciation and amortisation	34,883	40,977
Lease liabilities interest	3,053	4,508
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(22,786)	36,503
Decrease in deferred tax assets	4,455	-
Decrease in other operating assets	-	12,166
Increase in trade and other payables	5,800	2,415
Decrease in employee benefits	(3,983)	(3,109)
Increase in other provisions	776	749
Net cash provided by operating activities	34,825	109,585

**Note 28. Earnings per share**

	2022 \$	2021 \$
Profit after income tax	12,627	15,376
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	621,813	621,813
Weighted average number of ordinary shares used in calculating diluted earnings per share	621,813	621,813
	Cents	Cents
Basic earnings per share	2.03	2.47
Diluted earnings per share	2.03	2.47

**Augusta & Districts Community Financial Services Ltd**  
**Notes to the financial statements**  
**30 June 2022**

**Note 28. Earnings per share (continued)**

*Accounting policy for earnings per share*

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Augusta & Districts Community Financial Services Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

**Note 29. Commitments**

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

**Note 30. Contingencies**

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

**Note 31. Events after the reporting period**

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted an increase in the revenue streams for the first couple of months July – August 2022.

No other 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.

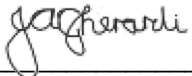
**Augusta & Districts Community Financial Services Ltd**  
**Directors' declaration**  
**30 June 2022**

In the directors' opinion:

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

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

On behalf of the directors



---

Jennifer Anne Gherardi  
Chair

14 October 2022



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

# Independent auditor's report to the Directors of Augusta & Districts Community Financial Services Ltd

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Augusta & Districts Community Financial Services Ltd (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 Augusta & Districts Community Financial Services Ltd, 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

afs@afsbendigo.com.au  
03 5443 0344

## Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that while the company recorded an operating profit before tax the revenue from contracts with customers has decreased by \$61,795 (16%). Also as at 30 June 2022, the company had a net working capital deficiency of \$259,818, where its current liabilities exceeded its current assets. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

## 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.



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au  
03 5443 0344

## 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.

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: 14 October 2022

**Joshua Griffin**  
Lead Auditor

Community Bank Augusta - Margaret River

54 Blackwood Ave,

Augusta WA 6290

Phone: 9758 0850

Email: [email@bendigoadelaide.com.au](mailto:email@bendigoadelaide.com.au)

Web: <https://www.bendigobank.com.au/branch/wa/community-bank-augusta-margaret-river/>

Franchisee: Augusta & Districts Community Financial Services Limited

ABN: 64 110 946 168

Unit 1/1 Charkes West Avenue,

Margaret River WA 6285

Email: [mel@communitybankamr.com.au](mailto:mel@communitybankamr.com.au)

Share Registry:

AFS & Associates Pty Ltd

PO Box 454, Bendigo VIC 3552

Phone: 5443 0344

Fax: 5443 5304

Email: [shareregistry@afsbendigo.com.au](mailto:shareregistry@afsbendigo.com.au)

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 **Bendigo Bank**