Annual Report 2022

Bacchus Marsh Community Enterprise Limited

Community Bank
Bacchus Marsh

ABN 11 164 574 832

Contents

Chair's report

For year ending 30 June 2022

Over the past eight years we have supported over 100 community groups and not-for-profit organisations and in June 2022 we celebrated the milestone of $1 million invested in our community.

Dear Shareholders and Customers

As the Chair of Bacchus Marsh Community Enterprise Limited, it gives me great pleasure to present the Financial Report for the 2021/22 financial year, our ninth Annual Report and our eighth year of banking operations.

The Board and branch staff have settled into the new normal of virtual and in-person hybrid meetings and training workshops and are rising to the challenge of the ever changing landscape of the banking industry.

In the last year we experienced exceptional growth in our footings (loans and deposits) but due to the lowest margins recorded in our short history, our revenue growth did not reflect the footings growth. Our customer numbers grew significantly due to the closure of a third major bank in our town, and we expect this growth to continue. Our branch is currently bucking the trend of declining branch transactions but we do expect at some time in the future that will change.

The branch footings (loans and deposits) grew by 17.4% or $41.9 million to $282.0 million at 30 June 2022 and branch revenue increased by $46,873 or 3.2%. As noted, our revenue was impacted by the low margin environment and a large portion of our customers transitioning to a fixed rate home loan. The company's expenses increased by $75,582 or 5.4% due to additional staffing.

Operating profit before community investment and tax was $509,065, down $107,923 or 17.5% on the prior year and profit after tax decreased 61.6% to $38,039, reducing our earnings per share to 4.10 cents compared to 10.68 cents last year.

There have been a number of interest rate rises since the end of the financial year and we expect an increase in our footings (loans and deposits) and our revenue will produce a better bottom line result this financial year.

Over the past eight years we have supported over 100 community groups and not-for-profit organisations and in June 2022 we celebrated the milestone of $1 million invested in our community.

In 2021/22 we invested $457,314 into the community, $207,314 directly into community groups and not-for-profit organisations and a further $250,000 into the Community Enterprise Foundation™ for future community investment. The Foundation now holds over $580,000 in trust for our scholarship and 'Green Grants' programs and seed funding for large projects. Thanks to our shareholders and customers who have made this possible.

Some of the fabulous projects supported this year include Soul Food; the Nurture Room and Program at Darley and Bacchus Marsh Primary Schools; Rowsley Fire Brigade; Pentland Group and Parwan Fire Brigades; Bacchus Marsh Art Gallery Inc; Moorabool Light Orchestra; the new Bacchus Marsh Bowls Club and plenty of other sporting activities/ initiatives. We have also entered into our fifth year of the scholarship program and our inaugural winner, Chelsea Bell has joined us as an observer on the Board.

Chair's report (continued)

In February 2022 we paid all shareholders a fully franked dividend of 7 cents per share.

The Board continues to assess the need for banking services in our community and ensure we are best placed to service our existing customers and those new customers who are not wanting to travel to other towns to conduct their banking. In the last year we have employed Barry and Simran as lenders to increase our capacity and Jade and Teresa as part-time Customer Service Officers to enhance our flexibility and enable our team to train and develop into other roles within the branch. We have chosen not to continue the sublease of the premises next to the branch and will fit out this space to become a Lending Centre and community activity display space.

We continue to be immensely proud of all of our staff and the service they provide to our customers and community. In particular, we appreciate their resilience throughout the year, their flexibility and willingness to adopt change. In May 2022 we appointed a Community Engagement Officer – Kim Cukavac, a passionate local community member to work directly with the Board and our community. Together with Amanda Griffith, our Minute Secretary, the ladies will support the Board in all of our activities.

There are a number of large social infrastructure projects planned for Bacchus Marsh to develop the future sustainability of our community and we are actively involved with Moorabool Shire Council and a number of community groups to assess our contribution to these projects. We will keep you informed of our plans and invite you to join us in 2023 for a public forum to discuss your ideas for future projects.

I would like to thank my fellow Board members for your tireless support and ongoing contribution to the success of our company and Community Bank Bacchus Marsh.

Bendigo Bank continues to be a valuable partner in all things Community Bank and we thank you on behalf of our company and the community.

To our shareholders and customers, thank you for believing in the model and investing in your community.

Together we can make great things happen!

Claire Sutherland
Chair

Manager's report

For year ending 30 June 2022

With our staff working extremely hard to deliver the best possible service to our clients and to sell products to a need, our branch lending and deposit book grew by $41.9 million, up 17.4% to be one of our most successful years since the branch opened.

This has been another year full of surprises and challenges. The effects of the COVID-19 pandemic and record low interest rates tightening our margin income have created challenges. The biggest surprise to us was the closure of the third major bank in Bacchus Marsh. This had a significant positive impact on Community Bank Bacchus Marsh and I believe this will continue to result in growing customer numbers, footings and ultimately revenue for some time yet.

When we sat down before the financial year to review our focus and determine growth targets we still had in mind the challenges that COVID-19 was having on the way we do our banking and the impact on the financial markets. Our biggest challenge was going to be continued growth of our loan and deposit books in an extremely competitive market. Our greatest and most important asset is our staff and to have them fully trained and continuing to provide the highest level of service possible was our key to continued growth.

We agreed to set a growth target of $21.5 million for the year, which was a stretch target but we thought achievable. This changed very quickly with two of our staff moving on to new roles at other branches in the Bendigo Bank network in May and June of 2021 and at the same time the ANZ and Westpac banks announcing they were closing their branches in Bacchus Marsh. I likened this period to a tsunami where we were down two staff and had a huge influx of new customers transferring their banking to us because they wanted to bank with a bank that had a presence in town. The staff were fantastic taking on the massive influx of new business and at the same time providing the highest level of professionalism during this testing period. We quickly replaced the two vacancies with local ladies Sarah Rhoads and Simran Kaur who are now fully trained and working well with the team. The Board and I agreed that we would need another lender in the branch to address the increasing lending enquiries so in October 2021 we employed Barry Turner as a consumer lender. Barry has over 30 years of lending experience and has adapted well to the role. His wealth of lending experience has been a great support to me and the whole team. NAB's announcement in March 2022 that they were closing their Bacchus Marsh branch had a positive impact on our branch. We again reviewed our staffing levels and agreed to employ two part-time staff three days per week and with some internal staffing promotions, appointed Teresa Jacobsen and Jade Collins as Customer Service Officers on the teller.

With our staff working extremely hard to deliver the best possible service to our clients and to sell products to a need, our branch lending and deposit book grew by $41.9 million, up 17.4% to be one of our most successful years since the branch opened. I would like to share with you some of the key indicators that made our branch one of the strongest Community Banks in the nation again this year. Customer numbers increased by 636, up 20.1% against a target of 5% and branch footings grew 194.8% against the $21.5 million target. We opened 1,391 new accounts, which was 37% higher than the previous year. Teller transactions increased by 7.6% in a market where electronic banking is becoming more relevant and banks are closing branches due to declining over-the-counter transactions. All of these outstanding results, in conjunction with good expense management, has placed us in a very strong financial position to invest in some major projects in the community over the next few years and beyond.

While major banks have been closing branches in our town, our simple branch philosophy of providing great service with a smile has been one of the reasons clients want to bank with us. I am so proud of the staff who deliver this level of service. They all personally care and look out for our clients and each other. A huge thank you to all my staff, Veronica, Michelle, Janine, Melissa, Sarah, Simran, Barry, Teresa and Jade. They have all been a major factor in the success of the branch and been a pleasure to work with.

With the growth of staff we have now taken over the premises next door to the branch and are currently fitting it out to be a Lending Centre. We hope this will be fully operational by mid-September with four offices and a working space at the front of the building. We have four lending staff all with the ability to approve loans so don't be afraid to come into the branch and ask for a Lending Health Check on your current loan to see if you have the best rate available, whether it is with us or another lender.

I would like to take this opportunity to thank Claire and all the Board members for all the support they provide myself and the staff at the branch. This is one of the reasons we have been so successful to date. They have all been so supportive throughout the journey. They do a wonderful job promoting the Community Bank Bacchus Marsh and we are all immensely proud of the amount of money we have been able to invest in our community to help make this town a better place to live. This year we hit a massive milestone of $1 million given back to our community. We are all very honoured to be part of a company that is having such a positive impact on our community.

I would also like to acknowledge Bendigo Bank's continued support to us with the resources, training and products that make our offerings extremely competitive in the market.

Always remember, 'Support the Community Bank that supports your Community'!

Ian Prince
Branch Manager
Community Bank Bacchus Marsh

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2022

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 22-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact

All directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

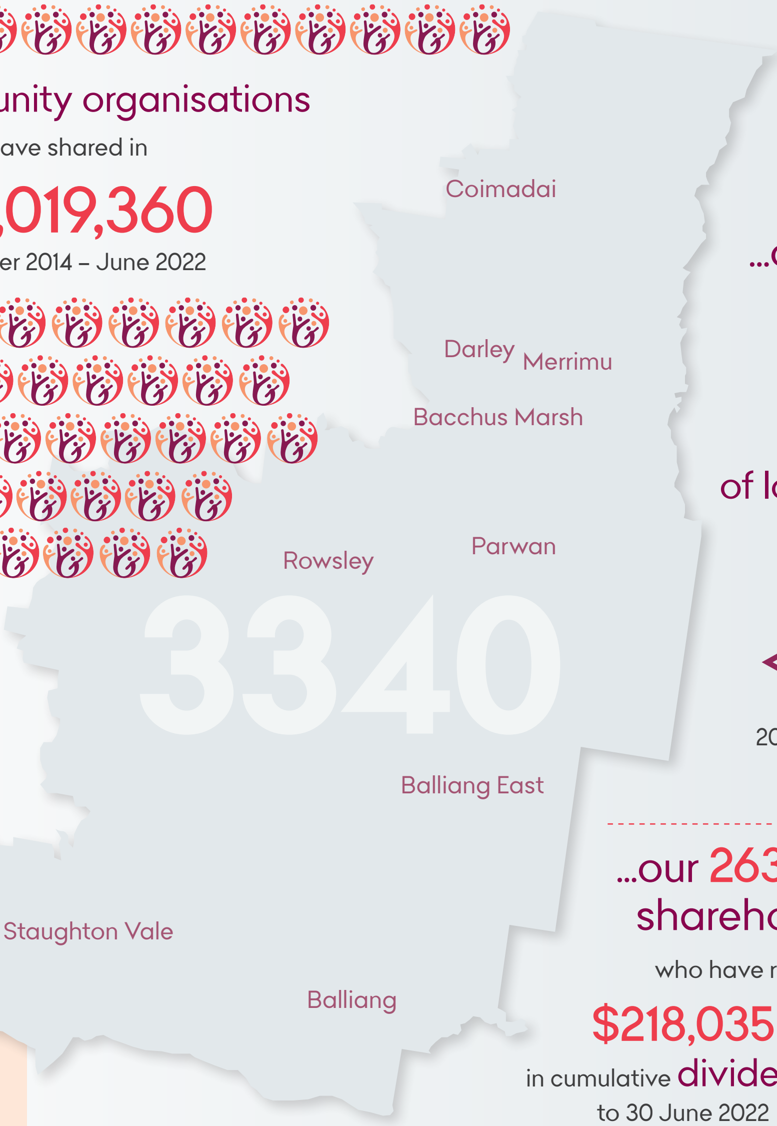
Warm regards

Sarah Franklyn
CBNC Chair

Investing in our community...

...our local community organisations

102 community organisations
have shared in
$1,019,360
October 2014 – June 2022



...our local youth

15 university scholarship/ bursary recipients

Thanks to...

...our 3,794 local customers

at 30 June 2022
with
$282 million
of loans and deposits

2021/22: $41.9 million, 17.4% growth

...our 263 local shareholders

who have received
$218,035
in cumulative dividends
to 30 June 2022

2021/22: 7 cent fully franked dividend

...our local and expanding team

82,172 hours local employment
since opening 30 October 2014 - 30 June 2022

Community Bank Bacchus Marsh staff
L-R: Jade Collins, Sarah Rhoads, Ian Prince, Melissa Fellows, Janine Payne, Prabhsimran Kaur, Veronica Mayne, Barry Turner, Teresa Jacobsen and Michelle Molenkamp

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Claire Therese Sutherland

Title:	Chair
Experience and expertise:	30 years experience in the hospitality industry. Former Director and Chair of Djerriwarrh Health Services, Ronald McDonald House Parkville Inc. and former Director of Ronald McDonald House Charities. Current Chair of Bacchus Marsh Community Unlimited Inc.
Special responsibilities:	Chair, Risk Management Committee, Finance & Investment Committee, Human Resources Committee

Ian Colin Barnett

Title:	Non-executive director
Experience and expertise:	Bacchus Marsh Community Enterprise Director and Treasurer, CFA Volunteer 42 years, Bacchus Marsh Fire Brigade Treasurer and past Treasurer Pentland Fire Brigades Group, Bacchus Marsh Community Unlimited Treasurer, Regional Tyre Service and Regional Ringtread Pty Ltd Director 39 years, Committee Member for the Victorian Tyre Dealers association - A Division of the Victorian Tyre Dealers Association, Bacchus Marsh and District Holden Car Club Inc Member
Special responsibilities:	Treasurer, Risk Management Committee, Finance & Investment Committee

Heather Jean Steegstra

Title:	Non-executive director
Experience and expertise:	Office clerical & bookkeeping - Local Government 8 years. Integration aide with Education Department - 8 years. Certificate of Financial Management. Business Manager with Education Department - 16 years. Bacchus Marsh Golf Club Ladies Committee Secretary - 8 years.
Special responsibilities:	Secretary *(until 16 November 2021)*, Community Investment Committee

Travis Ashley Bawden

Title:	Non-executive director
Experience and expertise:	Over 20 years in the Information Technology industry within Management, Project Management and Consultancy. Master of Management, Member of CFA for 20 years including Volunteer & former office bearer.
Special responsibilities:	Deputy Chair, Community Investment Committee

Directors (continued)

Karen Patricia Hapgood

Title:	Non-executive director
Experience and expertise:	Karen Hapgood is a Professor of Engineering and Deputy Vice Chancellor for Research at Swinburne University of Technology. She holds a Bachelor and PhD in Chemical Engineering, Graduate Certificate in Higher Education, and is a Graduate of the Australian Institute of Company Directors. Current Directorship at Swinburne Ventures Limited.
Special responsibilities:	Human Resources Committee

Simon Maynard Hooper

Title:	Non-executive director
Experience and expertise:	In 2018-2019 Simon was Head of Product - Precision Autonomy and is currently Head of Underwriting - Precision Autonomy. Since 2015 he has been a Director of Australian Association for Unmanned Systems. Simon holds a Bachelor of Aviation, Cert IV in General Insurance and Cert IV in Accounting and Bookkeeping.
Special responsibilities:	Finance & Investment Committee, Risk Management Committee

Paula Elizabeth McMillan

Title:	Non-executive director
Experience and expertise:	Various roles including Management and Project Management in Australia Post for 26 years. Ward Clerk, Bacchus Marsh Hospital, Board Member Bacchus Marsh Community College and Member of the Bacchus Marsh Urban Fire Brigade.
Special responsibilities:	Community Investment Committee, Human Resources Committee

Keith Walter Currie

Title:	Non-executive director
Experience and expertise:	Keith is a Mathematics and Science teacher. He has been Vice Principal of The Scots College (Sydney), Foundation Principal of Trinity Anglican College Albury, Assistant Principal at Bacchus Marsh Grammar. Keith holds B.Sc (ANU), Dip. Ed. (CCAE), B.Bus. (Accounting) (CSU) and M. Ed. (U Syd). A member of Rotary Club of Bacchus Marsh. Chairman - Moorabool Light Orchestra, Board Member - Western Emergency Relief Network, Board Member - Bacchus Marsh Public Hall Committee of Management, Past President - Rotary Bacchus Marsh.
Special responsibilities:	Secretary *(appointed 16 November 2021)*, Human Resources Committee, Community Investment Committee

Peter George Tonks

Title:	Non-executive director
Experience and expertise:	Peter has experience in accounting, management and contracting. He is a member of the Tourism Association, Abbeyfield Community House and Probus.
Special responsibilities:	Community Investment Committee

Directors (continued)

John Payne

Title:	Non-executive director *(appointed 16 November 2021)*
Experience and expertise:	Certified Practising Accountant 1986 - 2021, Community Care Worker (Macedon Ranges Shire Council) 2022, Director DPH Property Investments Pty Ltd.
Special responsibilities:	Finance & Investment Committee, Risk Management Committee

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

Company secretary

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

- Keith Walter Currie was appointed company secretary on 16 November 2021.
- Heather Jean Steegstra was appointed as company secretary on 1 July 2013 and ceased on 16 November 2021.

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 $38,039 (30 June 2021: $99,051).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 $
Fully franked dividend of 7 cents per share (2021: 6.5 cents)	64,946

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

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

	Board	
	Eligible	Attended
Claire Therese Sutherland	11	11
Ian Colin Barnett	11	11
Heather Jean Steegstra	11	10
Travis Ashley Bawden	11	9
Karen Patricia Hapgood	11	8
Simon Maynard Hooper	11	9
Paula Elizabeth McMillan	11	10
Keith Walter Currie	11	7
Peter George Tonks	11	9
John Payne	8	6

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year $	Changes $	Balance at the end of the year $
Claire Therese Sutherland	25,001	-	25,001
Ian Colin Barnett	25,001	-	25,001
Heather Jean Steegstra	4,001	-	4,001
Travis Ashley Bawden	1	-	1
Karen Patricia Hapgood	2,000	-	2,000
Simon Maynard Hooper	2,000	-	2,000
Paula Elizabeth McMillan	1,001	-	1,001
Keith Walter Currie	-	-	-
Peter George Tonks	2,000	-	2,000
John Payne	10,000	-	10,000

Indemnity and insurance of directors and officers

The company has indemnified all directors, officers 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, officers 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. The company has not provided any insurance for an auditor of the company or a related body corporate.

Proceedings on behalf of the company

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

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

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 27 to the accounts.

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

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

On behalf of the directors

Claire Therese Sutherland
Chair

23 August 2022

Auditor's independence declaration

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Bacchus Marsh Community Enterprise Limited

As lead auditor for the audit of Bacchus Marsh Community Enterprise Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 August 2022

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337

Financial statements

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

	Note	2022 $	2021 $
Revenue from contracts with customers	6	1,492,708	1,445,835
Other revenue	7	22,681	61,266
Finance revenue		2,229	6,804
Employee benefits expense	8	(707,416)	(604,718)
Advertising and marketing costs		(2,118)	(8,119)
Occupancy and associated costs		(28,674)	(18,659)
System costs		(37,005)	(35,036)
Depreciation and amortisation expense	8	(108,672)	(108,125)
Finance costs	8	(34,496)	(36,164)
General administration expenses		(90,172)	(86,096)
Profit before community contributions and income tax expense		**509,065**	**616,988**
Charitable donations, sponsorships and grants expense	8	(457,314)	(493,368)
Profit before income tax expense		**51,751**	**123,620**
Income tax expense	9	(13,712)	(24,569)
Profit after income tax expense for the year	21	**38,039**	**99,051**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**38,039**	**99,051**
		Cents	**Cents**
Basic earnings per share	29	4.10	10.68
Diluted earnings per share	29	4.10	10.68

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

Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	811,355	822,541
Trade and other receivables	11	155,590	142,366
Current tax assets	9	-	2,173
Total current assets		**966,945**	**967,080**
Non-current assets			
Investment properties	14	-	21,884
Property, plant and equipment	12	126,003	120,026
Right-of-use assets	13	772,349	825,467
Intangibles	15	30,492	43,560
Deferred tax assets	9	47,968	38,986
Total non-current assets		**976,812**	**1,049,923**
Total assets		**1,943,757**	**2,017,003**
Liabilities			
Current liabilities			
Trade and other payables	16	55,844	47,418
Lease liabilities	17	65,653	61,166
Current tax liabilities	9	4,956	-
Employee benefits	18	78,451	35,875
Total current liabilities		**204,904**	**144,459**
Non-current liabilities			
Trade and other payables	16	15,504	31,008
Lease liabilities	17	872,017	937,773
Employee benefits	18	7,762	33,674
Provisions	19	11,157	10,769
Total non-current liabilities		**906,440**	**1,013,224**
Total liabilities		**1,111,344**	**1,157,683**
Net assets		**832,413**	**859,320**
Equity			
Issued capital	20	898,544	898,544
Accumulated losses	21	(66,131)	(39,224)
Total equity		**832,413**	**859,320**

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

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020		898,544	(77,967)	820,577
Profit after income tax expense		-	99,051	99,051
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	99,051	99,051
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(60,308)	(60,308)
Balance at 30 June 2021		**898,544**	**(39,224)**	**859,320**
Balance at 1 July 2021		898,544	(39,224)	859,320
Profit after income tax expense		-	38,039	38,039
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	38,039	38,039
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(64,946)	(64,946)
Balance at 30 June 2022		**898,544**	**(66,131)**	**832,413**

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

Statement of Cash Flows
for the year ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,653,702	1,647,115
Payments to suppliers and employees (inclusive of GST)		(1,450,554)	(1,369,302)
		203,148	277,813
Interest received		2,229	6,804
Income taxes paid		(15,565)	(23,975)
Net cash provided by operating activities	**28**	**189,812**	**260,642**
Cash flows from investing activities			
Payments for right-of-use assets		-	(50,841)
Payments for property, plant and equipment		(26,579)	(3,604)
Payments for intangibles		(14,095)	(14,095)
Net cash used in investing activities		**(40,674)**	**(68,540)**
Cash flows from financing activities			
Proceeds from lease liabilities		-	56,490
Dividends paid	23	(64,946)	(60,308)
Repayment of lease liabilities	17	(95,378)	(88,297)
Net cash used in financing activities		**(160,324)**	**(92,115)**
Net increase/(decrease) in cash and cash equivalents		**(11,186)**	**99,987**
Cash and cash equivalents at the beginning of the financial year		822,541	722,554
Cash and cash equivalents at the end of the financial year	**10**	**811,355**	**822,541**

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

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 2/137A Main Street, Bacchus Marsh VIC 3340.

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 23 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis.

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2021, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2022.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

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

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

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events. Management believes this to be reasonable under the current 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.

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

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

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

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Sublease classification

Judgement is required to determine the classification of the sublease as either an operating or a finance sublease.

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.

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	1,318,810	1,293,417
Fee income	80,519	70,316
Commission income	93,379	82,102
Revenue from contracts with customers	**1,492,708**	**1,445,835**

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:

Note 6. Revenue from contracts with customers (continued)

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

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

Revenue calculation

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

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits

plus: any deposit returns i.e. interest return applied by Bendigo Bank for a deposit

minus: any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Cash flow boost	-	37,500
Rental income	22,681	23,766
Other revenue	**22,681**	**61,266**

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

Revenue stream	Revenue recognition policy
Rental income	Rental income from right-of-use assets subleased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

Cash flow boost

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	12,014	15,187
Plant and equipment	5,970	8,639
Furniture and fittings	2,618	2,002
	20,602	**25,828**
Depreciation of right-of-use assets		
Leased land and buildings	62,292	61,150
Leased motor vehicles	12,710	8,079
	75,002	**69,229**
Amortisation of intangible assets		
Franchise fee	2,178	2,178
Franchise renewal process fee	10,890	10,890
	13,068	**13,068**
	108,672	**108,125**

Note 8. Expenses (continued)

Finance costs

	2022 $	2021 $
Lease interest expense	34,109	35,785
Unwinding of make-good provision	387	379
	34,496	**36,164**

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	596,928	500,778
Non-cash benefits	10,539	4,271
Superannuation contributions	63,283	56,458
Expenses related to long service leave	9,132	14,126
Other expenses	27,534	29,085
	707,416	**604,718**

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**18,535**	**15,808**

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

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.

Charitable donations, sponsorships and grants

	2022 $	2021 $
Direct donation, sponsorship and grant payments	207,314	243,368
Contribution to the Community Enterprise Foundation™	250,000	250,000
	457,314	**493,368**

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

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

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	22,693	24,596
Movement in deferred tax	(8,981)	(1,586)
Reduction in company tax rate	-	1,559
Aggregate income tax expense	**13,712**	**24,569**
Prima facie income tax reconciliation		
Profit before income tax expense	51,751	123,620
Tax at the statutory tax rate of 25% (2021: 26%)	12,938	32,141
Tax effect of:		
Non-deductible expenses	774	619
Reduction in company tax rate	-	1,559
Other assessable income	-	(9,750)
Income tax expense	**13,712**	**24,569**

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(16,792)	(17,799)
Employee benefits	21,553	17,387
Provision for lease make good	2,789	2,692
Accrued expenses	700	700
Income accruals	(720)	(720)
Lease liabilities	226,012	237,873
Right-of-use assets	(185,574)	(201,147)
Deferred tax asset	**47,968**	**38,986**

	2022 $	2021 $
Income tax refund due	**-**	**2,173**

	2022 $	2021 $
Provision for income tax	**4,956**	**-**

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.

Note 9. Income tax (continued)

Accounting policy for deferred tax

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	72,186	35,601
Term deposits	739,169	786,940
	811,355	**822,541**

Accounting policy for cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	136,809	124,113
Accrued income	2,880	2,880
Prepayments	15,901	15,373
	18,781	18,253
	155,590	**142,366**

Accounting policy for trade and other receivables

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	191,983	169,054
Less: Accumulated depreciation	(89,272)	(77,258)
	102,711	**91,796**
Plant and equipment - at cost	59,361	59,361
Less: Accumulated depreciation	(44,083)	(38,113)
	15,278	**21,248**
Furniture and fittings - at cost	16,256	12,606
Less: Accumulated depreciation	(8,242)	(5,624)
	8,014	**6,982**
	126,003	**120,026**

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

	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Total $
Balance at 1 July 2020	106,983	29,887	5,380	142,250
Additions	-	-	3,604	3,604
Depreciation	(15,187)	(8,639)	(2,002)	(25,828)
Balance at 30 June 2021	**91,796**	**21,248**	**6,982**	**120,026**
Additions	22,929	-	3,650	26,579
Depreciation	(12,014)	(5,970)	(2,618)	(20,602)
Balance at 30 June 2022	**102,711**	**15,278**	**8,014**	**126,003**

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	1 to 17 years
Plant and equipment	1 to 20 years
Furniture and fittings	1 to 10 years

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

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

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

Changes in estimates

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

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	1,133,480	1,032,883
Less: Accumulated depreciation	(391,183)	(250,178)
	742,297	**782,705**
Motor vehicles - right-of-use	50,841	50,841
Less: Accumulated depreciation	(20,789)	(8,079)
	30,052	**42,762**
	772,349	**825,467**

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 vehicles $	Total $
Balance at 1 July 2020	649,859	50,841	700,700
Remeasurement adjustments	172,720	-	172,720
Depreciation expense	(39,874)	(8,079)	(47,953)
Balance at 30 June 2021	**782,705**	**42,762**	**825,467**
Depreciation expense	(40,408)	(12,710)	(53,118)
Balance at 30 June 2022	**742,297**	**30,052**	**772,349**

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

Refer to note 17 for more information on lease arrangements.

Note 14. Investment properties

	2022 $	2021 $
Investment property - sublease - at cost	-	100,598
Less: Accumulated depreciation	-	(78,714)
	-	**21,884**

Reconciliation		
Reconciliation of the beginning and end of the current and previous financial year are set out below:		
Opening amount	21,884	29,330
Remeasurement adjustments	-	13,830
Depreciation expense	(21,884)	(21,276)
Closing amount	**-**	**21,884**

Note 14. Investment properties (continued)

	2022 $	2021 $
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	-	21,925
Between 1 and 2 years	-	3,654
	-	**25,579**

The operating sublease expired by 30 June 2022. No renewal occured.

Accounting policy for subleases

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Given the term of the sublease is less than the head lease term, the sublease does not meet the definition of a finance sublease and as such is an operating lease.

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

Transfers to and from investment properties to right-of-use assets are determined by a change in occupation of the premises. The written down value on the date of change of use from investment properties to right-of-use assets are used as deemed cost for the subsequent accounting period. The existing carrying amount of right-of-use assets is used for the subsequent accounting cost of investment properties on the date of change of use.

Note 15. Intangibles

	2022 $	2021 $
Franchise fee	20,890	20,890
Less: Accumulated amortisation	(15,808)	(13,630)
	5,082	**7,260**
Franchise renewal fee	54,450	54,450
Less: Accumulated amortisation	(29,040)	(18,150)
	25,410	**36,300**
Establishment fee	100,000	100,000
Less: Accumulated amortisation	(100,000)	(100,000)
	-	**-**
	30,492	**43,560**

Note 15. Intangibles (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	9,438	47,190	56,628
Amortisation expense	(2,178)	(10,890)	(13,068)
Balance at 30 June 2021	**7,260**	**36,300**	**43,560**
Amortisation expense	(2,178)	(10,890)	(13,068)
Balance at 30 June 2022	**5,082**	**25,410**	**30,492**

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

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

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

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

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

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

Change in estimates

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	15,446	8,217
Other payables and accruals	40,398	39,201
	55,844	**47,418**
Non-current liabilities		
Other payables and accruals	**15,504**	**31,008**

Accounting policy for trade and other payables

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

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

Note 17. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	82,778	80,367
Unexpired interest	(31,175)	(32,922)
Motor vehicle lease liabilities	15,010	15,010
Unexpired interest	(960)	(1,289)
	65,653	**61,166**
Non-current liabilities		
Land and buildings lease liabilities	1,037,708	1,120,487
Unexpired interest	(185,264)	(216,439)
Motor vehicle lease liabilities	20,013	35,024
Unexpired interest	(440)	(1,299)
	872,017	**937,773**

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	998,939	810,063
Additional lease liabilities recognised	-	56,490
Remeasurement adjustments	-	184,898
Lease interest expense	34,109	35,785
Lease payments - total cash outflow	(95,378)	(88,297)
	937,670	**998,939**

Maturity analysis

	2022 $	2021 $
Not later than 12 months	97,788	95,377
Between 12 months and 5 years	368,598	375,933
Greater than 5 years	689,123	779,578
	1,155,509	**1,250,888**

Accounting policy for lease liabilities

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

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

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

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

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

Note 17. Lease liabilities (continued)

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:

Bacchus Marsh - Shop 1	The lease agreement for 2/137A Main Street, Bacchus Marsh commenced in June 2014. A 5 year renewal option was exercised in June 2019. The company has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is May 2034. The discount rate used in calculations is 3.54%.
Bacchus Marsh - Shop 2	The lease agreement for 1/137A Main Street, Bacchus Marsh commenced in July 2017 and is a non-cancellable term of six years and eleven months. The company has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is May 2034. The discount rate used in calculations is 3.54%.
Motor vehicle	The lease agreement for the Isuzu Motor Vehicle commenced in November 2020 and is a non-cancellable term of four years. As such, the lease term end date used in the calculation of the lease liability is October 2024. Upon the last payment the registered security over the motor vehicle is removed.

Remeasurement adjustments

The remeasurement adjustments in the prior period was primarily due to an increase in the lease term for Bacchus Marsh - Shop 2 as a result of the addition of a further 5 year renewal option.

Note 18. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	43,407	35,875
Long service leave	35,044	-
	78,451	**35,875**
Non-current liabilities		
Long service leave	**7,762**	**33,674**

Accounting policy for employee benefits

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

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

Superannuation contributions

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

Note 18. Employee benefits (continued)

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 19. Provisions

	2022 $	2021 $
Lease make good	**11,157**	**10,769**

Lease make good

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision as $17,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 May 2034 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 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	927,810	927,810	927,810	927,810
Less: Equity raising costs	-	-	(29,266)	(29,266)
	927,810	**927,810**	**898,544**	**898,544**

Accounting policy for issued capital

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

Note 20. Issued capital (continued)

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). As at the date of this report, the company had 263 shareholders (2021: 264 shareholders).

The base number was 237. Shareholders voted unanimously at the 16 November 2021 Annual General Meeting to change the base number to include an option of 75% instead of 90% of the number of shareholders in the company. The revised base number is 198.

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

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

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

Note 20. Issued capital (continued)

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 21. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(39,224)	(77,967)
Profit after income tax expense for the year	38,039	99,051
Dividends paid (note 23)	(64,946)	(60,308)
Accumulated losses at the end of the financial year	**(66,131)**	**(39,224)**

Note 22. Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board monitors 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 before tax or funds of the company otherwise available for distribution (calculated as profit before tax plus accumulated profits/(losses) plus charitable donations, sponsorships and grants) 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, sponsorships and grants. Charitable donations, sponsorships and grants paid for the financial year can be seen in the statement of profit or loss and other comprehensive income.

There were no changes in the company's approach to capital management during the year.

Note 23. Dividends

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

	2022 $	2021 $
Fully franked dividend of 7 cents per share (2021: 6.5 cents)	**64,946**	**60,308**

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	53,799	51,013
Franking credits arising from income taxes paid	15,564	23,975
Franking debits from the payment of franked distributions	(21,649)	(21,189)
	47,714	**53,799**

Note 23. Dividends (continued)

	2022 $	2021 $
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	47,714	53,799
Franking credits (debits) that will arise from payment (refund) of income tax	4,956	(2,173)
Franking credits available for future reporting periods	**52,670**	**51,626**

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 24. Financial instruments

	Notes	2022 $	2021 $
Financial assets			
Trade and other receivables	11	139,689	126,993
Cash and cash equivalents	10	811,355	822,541
		951,044	**949,534**
Financial liabilities			
Trade and other payables	16	71,348	78,426
Lease liabilities	17	937,670	998,939
		1,009,018	**1,077,365**

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 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.

Note 24. Financial instruments (continued)

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.

The company held cash and cash equivalents of $811,355 at 30 June 2022 (2021: $822,541). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings of the bank.

Liquidity risk

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

Exposure to liquidity risk

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	55,844	15,504	-	71,348
Lease liabilities	97,788	368,598	689,123	1,155,509
Total non-derivatives	**153,632**	**384,102**	**689,123**	**1,226,857**

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	47,418	31,008	-	78,426
Lease liabilities	95,377	375,933	779,578	1,250,888
Total non-derivatives	**142,795**	**406,941**	**779,578**	**1,329,314**

Note 25. Key management personnel disclosures

The following persons were directors of Bacchus Marsh Community Enterprise Limited during the financial year:

Claire Therese Sutherland
Ian Colin Barnett
Heather Jean Steegstra
Travis Ashley Bawden
Karen Patricia Hapgood
Simon Maynard Hooper
Paula Elizabeth McMillan
Keith Walter Currie
Peter George Tonks
John Payne *(appointed 16 November 2021)*

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 26. Related party transactions

Transactions with related parties

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

Note 27. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	1,325	1,300
General advisory services	3,820	4,260
Share registry services	3,535	3,255
	8,680	8,815
	13,880	**13,815**

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	38,039	99,051
Adjustments for:		
Depreciation and amortisation	108,672	108,125
Lease liabilities interest	34,109	35,785
Change in operating assets and liabilities:		
Increase in trade and other receivables	(13,224)	(15,585)
Decrease in income tax refund due	2,173	-
(Increase)/decrease in deferred tax assets	(8,982)	594
Increase in trade and other payables	7,017	21,012
Increase in provision for income tax	4,956	-
Increase in employee benefits	16,664	11,281
Increase in other provisions	388	379
Net cash provided by operating activities	**189,812**	**260,642**

Note 29. Earnings per share

	2022 $	2021 $
Profit after income tax	38,039	99,051

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	927,810	927,810
Weighted average number of ordinary shares used in calculating diluted earnings per share	927,810	927,810

	Cents	Cents
Basic earnings per share	4.10	10.68
Diluted earnings per share	4.10	10.68

Accounting policy for earnings per share

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors' declaration

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

Claire Therese Sutherland
Chair

23 August 2022

AFS
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Chartered Accountants

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Independent auditor's report to the Directors of Bacchus Marsh Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

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

- Statement of financial position as at 30 June 2022
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Bacchus Marsh Community Enterprise Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Partners in success
Chartered Accountants

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 August 2022

Joshua Griffin
Lead Auditor

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Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/Australian Credit Licence 237879. (BNPAR22005) (09/22)