Annual Report 2022

Belfast Community Enterprises Limited

Community Bank
Port Fairy & District

ABN 65 161 382 832

Contents

Chairman's report

For year ending 30 June 2022

In June this year our Board and staff came together for a 'team-building and strategy workshop'! Throughout our eight years of operation it is the first time that this has happened and what a worthwhile exercise it proved to be. The time together helped us to focus on where we are at as an organisation, where we want to be and what we need to do to achieve this. As the face of our business, staff input into the first session was awesome! They were able to draw on real life experiences and be realistic about the things we are doing well and areas that we can improve.

After sharing a meal with staff, the Board resumed and directed attention to individual roles. We examined current Board membership to identify strengths and weaknesses by completing a 'skills matrix' to help us identify deficiencies that we need to address when appointing new Directors. Under the guidance of our facilitator we worked to develop a strategic plan to take us forward. The event also reminded us of our corporate responsibilities to ensure good governance.

Over the past twelve months the Community Bank National Council (CBNC) has been very busy. A new Chair, Sarah Franklyn, has been elected and she is very committed to growing the Community Bank brand. Under the banner of 'Our Model Our Future', branches have been able to provide feedback in relation to retail operational issues and CBNC are very pro-active in being our voice when dealing with the Bendigo Bank. At a local level we must continue to partner closely with Bendigo Bank to ensure our long-term sustainability while looking for opportunities outside of simply being a provider of banking services.

The Community Banking model is an outstanding story of success. Since its' inception in 1998, brought about by the big banks walking away from rural areas, there has been over $272 million returned to local communities. Our contribution to Port Fairy and district organisations is nearing $700,000! We have experienced significant growth recently as we are the only bank operating within the Moyne Shire. This increased support has enabled us to build on our community balance sheet and we are now able to focus on 'big picture items'! Through your continued support we can look at committing to infrastructure development that will provide great opportunities now and into the future.

As current shareholders and customers I thank you for being a part of something special. To have future growth I would ask you to encourage friends and family who have not joined us to please consider doing so. We wish to partner with as many organisations as we possibly can, and I thank Warrnambool Motor Group and Hire Australia for supporting our community partnering policy.

An enormous thank you to Hollie, Jade, Katyana, Tom and Georgia. Your work as the face of our business over the past twelve months has been greatly appreciated. Each time you go beyond the call of duty you are making our product and community contribution even more special. To my fellow Board members and our Company Secretary – thank you for your individual contributions to our brand – and thank you for your continued support to me.

Damian Gleeson
Chairman

Manager's report

For year ending 30 June 2022

Dear Shareholders,

It is with real pleasure that I submit my annual report to the Board and shareholders for the 2021-22 financial year.

I would like to thank my staff, for their commitment and passion to Community Bank Port Fairy & District and our community is remarkable. We welcomed Georgia Rentsch our Trainee to our team this year, she joined Jade Hancey, Kat Wiesner-Ellix and Tom Flaherty.

Thank you to our Board of Directors, and our shareholders for their ongoing support. I would also like to thank our Bendigo and Adelaide Bank representatives, especially our Regional Manager Jason Chuck for his ongoing support this year. We truly have a close working relationship with the Bendigo Bank head office, state office and regional support staff.

What a year it has been, many challenges to overcome, changes to embrace and new customers to welcome. It was great to finally start feeling like life was getting back to normal after with COVID-19 restrictions in Victoria easing off, which in turn allowed us to attend many different community events, Koroit Irish Festival, Moyneyana Festival, Folk Festival and Port Fairy Marathon, just to name a few.

The Community Bank model says that when people bank with their local Community Bank branch, the bottom-line increases, which in turn increases the amount of community contributions and dividends available to be disbursed to the community. This remains true with Community Bank Port Fairy & District Branch contributing $670,888 to the local community as of 30 June 2022.

Today, many more people use Bendigo Bank's website, online banking and apps to transact and complete their everyday banking than ever before. We are still available in branch for face-to-face meetings, but this has also allowed us to service many more customers than we normally would being able to you our digital systems to complete home loan and other banking enquiries.

	June 2021	June 2022
Deposits	$60.6 million	$78.8 million
Loans	$57.3 million	$55.6 million
Other	$9.4 million	$9.7 million
Total	**$127.3 million**	**$144.10 million**
Customer Numbers	1,731 customers	2,019 customers

Our profit for the year was $36,199, this was a great result for a difficult year and after contributions back to the community, and as well as funds put away for future partnerships within the community. We are proud to have contributed $162,166 back to the community this year. We can only imagine how much this benefited our community in supporting and helping it grow.

Finally, to our customers and shareholders. Without your support, we would not be able to do what we do and give back to the community. I thank you for your support and encourage you to continue to support us moving into the future. If there is anyone that you may know that you feel could benefit from our service, our Rural Bank product offerings or any other banking product including Bendigo Bank Home Loans, Equipment Finance, Insurance, Wealth advice, and more, send them our way – we are always more than happy to help.

My team and I hope to see you soon.

Hollie Ciurleo
Branch Manager.

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

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 2022-23 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

Community partnering contributions

COMMUNITY
$670,888
since opening
CONTRIBUTIONS

For year ending 30 June 2022 we proudly contributed $162,166 in grants, sponsorships and donations to our community which increases our total community partnering contributions in the eight years of business operations to $670,888. All made possible by our customers.

The Board is focusing on achieving the milestone of $1,000,000 invested back into supporting our community and has retained $144,907 in the Community Enterprise Foundation™ Charitable Fund for investment in local infrastructure projects and grants that will provide an ongoing and long term benefit for our community.

Since opening for business eight years ago the customers of the Community Bank Port Fairy & District have supported the following organisations:

- Port Fairy Folk Festival
- Port Fairy Sea Scouts
- Port Fairy Probus Club
- Community Garden Group
- Yambuk Progress Group
- Port Fairy Show Society
- St Patricks Primary School Port Fairy
- Moyneyana Festival Inc.
- Port Fairy Business Assoc.
- Port Fairy Community Race Day
- Port Fairy Belfast Lions Art Show
- Sackville Street Streetscape
- Port Fairy Surf Life Saving Club
- Yambuk Hall Committee
- Port Fairy Marine Rescue Service
- Macarthur Pony Club
- Ex Libris Writing Competition
- Port Fairy Petanque Group
- Port Fairy Angling Club
- Warrong All Abilities Equestrian
- Port Fairy Consolidated Parents & Friends
- Friends of Moyneyana House
- Port Fairy Consolidated School Bazaar
- Port Fairy Consolidated School Awards
- Port Fairy Jazz Festival
- Moyne Health Services
- Koroit & District Primary School
- Rotary Club of Port Fairy
- Port Fairy Golf Club
- Port Fairy Citizens Band
- Port Fairy SES Unit
- Port Fairy Men's Shed
- Port Fairy Heritage Boats
- Port Fairy Tourism
- Port Fairy Theatre Group
- All Abilities Advocacy
- Port Fairy Historical Society
- Koroit Lions Club
- Port Fairy Adventure Film Festival
- Nature's Way Eco Sanctuary Group
- Women on Farms Gatherings
- Hawkesdale Macarthur F N Club
- SES Port Fairy
- U3A Port Fairy
- South West Makers Assoc.
- Port Fairy Winter Weekends Dachshund Dash & "Reflected" event
- Port Fairy Consolidated School Council
- Child Care Action Group
- St Brigid's Hall Crossley
- Port Fairy Hospital Auxiliary
- Port Fairy Football Netball Club
- Port Fairy Cricket Club
- Port Fairy Bowls Club
- Koroit Business & Tourism Association
- Koroit Community Race Day
- Koroit F.N.Club - Tower Hill Challenge
- Commonwealth C'ship Sheep Dog Trials
- Macarthur Men's Shed
- Fun4Kids Festival
- Gourmet Port Fairy
- ExLibris - Stories on Sackville St
- Port Fairy Community House and U3A
- Kirkstall Recreation Reserve
- South West Working Equitation Club
- Port Fairy Playgroup
- Port Fairy Tennis Club Inc.
- St John's Strawberry Fete
- St Pats Primary School Graduation Awards
- Macarthur Music in the Vines
- Brophy Family & Youth Services
- Port Fairy Belfast Lions Club
- Sungold Field Days
- Koroit Bowls Club
- Friends of Griffiths Island
- St John's Anglican Church
- Port Fairy Film Society
- Port Fairy Pool Management Group
- Macarthur Swimming Pool
- Koroit Irish Festival
- Warrnambool Toy Library
- South West Energy Group
- Warrnambool Special Development School
- Port Campbell Surf Life Saving Club
- Koroit Football Netball Club
- Port Fairy Biggest Morning Tea
- CWA Victoria – Port Fairy
- Moyne Shire – Love Local
- Port Fairy Community House
- Leadership Great South Coast (LGSC)
- Port Fairy Running Festival

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:

Damian John Gleeson

Title:	Chair
Experience and expertise:	Damian was educated at St Patrick's College in Ballarat and then attended the Australia Catholic University where he gained a Bachelor of Education. Damian taught in Portland and Geelong for ten years before entering the Hospitality Industry in 1995. With wife Sue, he has been self-employed since 1997 having owned and operated six Hotels. Damian returned home to Port Fairy in 2004 as licensee as the Star of the West hotel. He served as president of the Port fairy Football Netball Club from 2007 - 2009. Damian is currently a Committee Member of the Port Fairy Cricket Club and held the position of Club President from 2012/13 to 2017/18. Damian strongly supported the Steering Committee to establish the Port Fairy & District Community Bank and was and continues to be an outstanding advocate for the benefits the model brings to our community. He freely gives of his time to assist in numerous community events and activities. Damian was elected as a councillor of the Moyne Shire in October 2020.
Special responsibilities:	Board Chair, Member of the Human Resources Committee.

Nicole Louise Dwyer

Title:	Non-executive director
Experience and expertise:	Nicole is an original steering committee member and former Deputy Chairman. She is a licensed real estate agent and local business manager in Port Fairy. Nicole has TAFE qualifications in Marketing and has experience in Event Management. As an extremely active volunteer in many groups locally in particular the Port Fairy Surf Life Saving Club and Port Fairy Football Netball Club, Nicole has received several recognitions for her contribution to our community and personal performances including Life Saving Victoria 'Nipper Program Coordinator' Award for 2018 and Moyne Shire Citizen of the year in 2020.
Special responsibilities:	Member of the Community and Marketing Committee

Peter John Langley

Title:	Non-executive director
Experience and expertise:	Peter is self employed and owns a motel and holiday rental business. He has had 35 years in the public service in Victoria, and has been past Treasurer of Port Fairy Golf Club for two years and is a founding member of Warrnambool Seahawks/Mermaids Basketball Inc. He has a private pilots license and has coached representative basketball at both junior and senior levels.
Special responsibilities:	Member of the Community and Marketing Committee.

Directors (continued)

Margaret Donne Leutton

Title:	Non-executive director
Experience and expertise:	Maggie has extensive experience in many roles undertaken under the auspices of her business, Direction Projects since 1989 which include coordination Woody's Murray to Moyne annual Cycle Relay for five years, Administrator for Port Fairy Tourism Inc. and Port Fairy Business Association. Having an Advanced Diploma in Business Management, contracting in rural, regional and urban areas around the Eastern Seaboard for Corporate and government clients as well as many of the rural industry bodies. Currently employed in the health industry in the areas of aged care, planned activities and further education. Maggie is also currently volunteering for several music festivals, Red Cross Emergency Services and Servas International which is committed to peace through intercultural communication. Maggie is a current director of DemoDAIRY Foundation Limited.
Special responsibilities:	Member of Community and Marketing Committee.

Thomas Newton

Title:	Non-executive director
Experience and expertise:	Tom has attained a Bachelor of Management - Farm Business from the University of Sydney. He has extensive experience working and consulting in agriculture and has been working with Brisbane based Maxum foods for 13 years, the last six of which he has been the Business Manager of MaxCare. He served on the Westvic Dairy Board for 3 years and is a member of the Australia Institute of Company Directors. In 2012 he completed the Leadership Great South Coast Program. Tom was originally from the Stanthorpe area in rural Queensland before moving to Port Fairy 10 years ago. He is married with 2 children.
Special responsibilities:	Chair of the Human Resources Committee and Member of the Finance and Risk Committee.

Melissa Anne McDonald

Title:	Non-executive director
Experience and expertise:	Melissa was appointed a director in October 2020. As a director and head of finance of the family owned and run dairy farm as Bessiebelle in South West Victoria she has expertise in farming operations and an understanding of rural communities. She has attained an Advanced diploma of Agriculture, Diploma of Hospitality Management and Certificate IV in Training and Assessment. With expertise in farm management retail, hospitality, education and fundraising, Melissa has many years of valuable experience and knowledge to contribute to supporting our community and positive change when needed. Her current activities and involvement include Program Co-ordinator (Cert IV and Diploma) as RIST agricultural college, School Council President and Macarthur Primary School and Netball Co-ordinator at Hawesdale Macarthur FNC.
Special responsibilities:	Deputy Chair, Chair of the Community and Marketing Committee, Member of the Finance and Risk Committee.

Directors (continued)

Maree Louise Lane

Title:	Non-executive director (appointed 29 November 2021)
Experience and expertise:	Maree is a qualified journalist, Bachelor of Management (Marketing) and Certified Practising Marketer (Australian Marketing Institute) and Member of the Australian Institute of Company Directors. With 22 years' experience in corporate communications and marketing and her strong sense of community, and positive change when needed. Her career summary includes managing corporate marketing, communications and media relations functions for a broad stable of business. Maree is currently a Project and Engagement manager at business consultancy SED Advisory. She is the Chair of the Emmanuel College Advisory Council, a committee member of the Koroit Football Netball Club since 2015, and was the club's Netball Coordinator from 2015 to 2021.
Special responsibilities:	Member of Community and Marketing Committee and Media Affairs Committee

John Julian Rahilly

Title:	Non-executive director (resigned 8 August 2021)
Experience and expertise:	Retired. John is a retired pharmacist of 40 years, and former board member of Amcal Pharmaceutical Group. He is also past president, vice-president and captain of Port Fairy Golf Club.
Special responsibilities:	Member of the Human Resources Committee.

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

Company secretary

The Company secretary is Ashley King. Ashley was appointed to the position of Company secretary on 1 June 2018.

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 $24,927 (30 June 2021: $73,106).

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 4.5 cents per share	42,240

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

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

Likely developments

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

Environmental regulation

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board		Finance & Risk		Community & Marketing		Human Resources	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Damian John Gleeson	6	6	-	-	2	1	3	3
Nicole Louise Dwyer	6	3	-	-	12	11	-	-
Peter John Langley	6	2	-	-	12	4	-	-
Margaret Donne Leutton	6	6	-	-	12	4	-	-
Thomas Newton	6	6	12	10	-	-	3	2
Melissa Anne McDonald	5	5	12	11	12	12	-	-
Maree Louise Lane	4	4	-	-	9	7	-	-
John Julian Rahilly	-	-	-	-	-	-	-	-

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 $
Damian John Gleeson	10,000	-	10,000
Nicole Louise Dwyer	2,501	-	2,501
Peter John Langley	20,001	-	20,001
Margaret Donne Leutton	5,001	-	5,001
Thomas Newton	1,000	-	1,000
Melissa Anne McDonald	3,000	-	3,000
Maree Louise Lane	-	-	-
John Julian Rahilly	5,001	-	5,001

Indemnity and insurance of directors and officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 26 to the accounts.

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

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

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

Damian John Gleeson
Chair

23 October 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of Belfast Community Enterprises 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 October 2022

Adrian Downing
Lead Auditor

afsbendigo.com.au

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	791,733	722,358
Other revenue	7	15,268	47,103
Finance revenue		3,777	5,911
Employee benefits expense	8	(403,796)	(421,853)
Advertising and marketing costs		(9,641)	(8,251)
Occupancy and associated costs		(15,033)	(10,320)
System costs		(30,986)	(34,900)
Depreciation and amortisation expense	8	(60,583)	(59,044)
Finance costs	8	(23,612)	(24,492)
General administration expenses		(68,762)	(60,801)
Profit before community contributions and income tax expense		**198,365**	**155,711**
Charitable donations and sponsorships expense		(162,166)	(61,162)
Profit before income tax expense		**36,199**	**94,549**
Income tax expense	9	(11,272)	(21,443)
Profit after income tax expense for the year	**20**	**24,927**	**73,106**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**24,927**	**73,106**
		Cents	**Cents**
Basic earnings per share	28	2.66	7.80
Diluted earnings per share	28	2.66	7.80

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	855,603	844,960
Trade and other receivables	11	64,022	68,151
Total current assets		**919,625**	**913,111**
Non-current assets			
Property, plant and equipment	12	171,287	161,728
Right-of-use assets	13	349,395	378,715
Intangibles	14	62,331	82,706
Deferred tax assets	9	37,943	32,565
Total non-current assets		**620,956**	**655,714**
Total assets		**1,540,581**	**1,568,825**
Liabilities			
Current liabilities			
Trade and other payables	15	79,164	55,272
Lease liabilities	16	22,514	16,719
Current tax liabilities	9	3,599	7,545
Employee benefits	17	16,368	15,860
Total current liabilities		**121,645**	**95,396**
Non-current liabilities			
Trade and other payables	15	-	14,502
Lease liabilities	16	445,583	468,097
Employee benefits	17	2,184	3,008
Provisions	18	14,143	13,483
Total non-current liabilities		**461,910**	**499,090**
Total liabilities		**583,555**	**594,486**
Net assets		**957,026**	**974,339**
Equity			
Issued capital	19	898,316	898,316
Retained earnings	20	58,710	76,023
Total equity		**957,026**	**974,339**

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 $	Retained earnings $	Total equity $
Balance at 1 July 2020		898,316	2,917	901,233
Profit after income tax expense		-	73,106	73,106
Balance at 30 June 2021		**898,316**	**76,023**	**974,339**
Balance at 1 July 2021		898,316	76,023	974,339
Profit after income tax expense		-	24,927	24,927
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(42,240)	(42,240)
Balance at 30 June 2022		**898,316**	**58,710**	**957,026**

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

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		867,242	828,656
Payments to suppliers and employees (inclusive of GST)		(723,120)	(676,827)
		144,122	151,829
Interest received		2,659	5,911
Income taxes paid		(20,596)	(19,810)
Net cash provided by operating activities	**27**	**126,185**	**137,930**
Cash flows from investing activities			
Payments for property, plant and equipment		(20,447)	(1,701)
Payments for intangibles		(13,184)	(13,184)
Net cash used in investing activities		**(33,631)**	**(14,885)**
Cash flows from financing activities			
Dividends paid	22	(42,240)	-
Repayment of lease liabilities	16	(39,671)	(45,379)
Net cash used in financing activities		**(81,911)**	**(45,379)**
Net increase in cash and cash equivalents		10,643	77,666
Cash and cash equivalents at the beginning of the financial year		844,960	767,294
Cash and cash equivalents at the end of the financial year	**10**	**855,603**	**844,960**

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 Belfast Community Enterprises 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 32a Bank Street, Port Fairy VIC 3284.

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

Note 2. Basis of preparation and statement of compliance

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

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.

Note 3. Significant accounting policies (continued)

Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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

Estimation of useful lives of assets

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

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

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

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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	624,129	580,466
Fee income	60,042	45,437
Commission income	107,562	96,455
Revenue from contracts with customers	**791,733**	**722,358**

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 $
Market development fund	15,000	22,500
Cash flow boost	-	24,603
Other income	268	-
Other revenue	**15,268**	**47,103**

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

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

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

Cash flow boost

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

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	7,613	7,350
Plant and equipment	3,275	1,997
	10,888	**9,347**

Note 8. Expenses (continued)

	2022 $	2021 $
Depreciation of right-of-use assets		
Leased land and buildings	29,320	29,320
Amortisation of intangible assets		
Franchise fee	2,197	2,198
Franchise renewal fee	10,986	10,986
Domiciled customer accounts	7,192	7,193
	20,375	**20,377**
	60,583	**59,044**

Finance costs

	2022 $	2021 $
Lease interest expense	22,952	23,863
Unwinding of make-good provision	660	629
	23,612	**24,492**

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	333,162	360,418
Superannuation contributions	33,410	35,380
Expenses related to long service leave	(824)	(745)
Other expenses	38,048	26,800
	403,796	**421,853**

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**14,231**	**16,397**

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	16,650	18,099
Movement in deferred tax	(5,378)	2,041
Adjustment recognised for prior periods	-	1,303
Aggregate income tax expense	**11,272**	**21,443**

Note 9. Income tax (continued)

	2022 $	2021 $
Prima facie income tax reconciliation		
Profit before income tax expense	36,199	94,549
Tax at the statutory tax rate of 25% (2021: 26%)	9,050	24,583
Tax effect of:		
Non-deductible expenses	2,222	1,954
Reduction in company tax rate	-	1,303
Other assessable income	-	(6,397)
Income tax expense	**11,272**	**21,443**

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(95)	(234)
Employee benefits	4,638	4,717
Provision for lease make good	3,536	3,371
Accrued expenses	800	-
Income accruals	(280)	-
Lease liabilities	117,025	121,204
Right-of-use assets	(87,349)	(94,679)
Prepayments	(332)	(1,814)
Deferred tax asset	**37,943**	**32,565**

	2022 $	2021 $
Provision for income tax	**3,599**	**7,545**

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

Note 9. Income tax (continued)

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	30,603	34,960
Term deposits	825,000	810,000
	855,603	**844,960**

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	61,576	48,857
Other receivables and accruals	-	12,038
Accrued income	1,118	-
Prepayments	1,328	7,256
	2,446	**19,294**
	64,022	**68,151**

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	223,620	213,795
Less: Accumulated depreciation	(73,999)	(66,386)
	149,621	**147,409**
Plant and equipment - at cost	44,960	34,339
Less: Accumulated depreciation	(23,294)	(20,020)
	21,666	**14,319**
	171,287	**161,728**

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2020	154,759	14,614	169,373
Additions	-	1,702	1,702
Depreciation	(7,350)	(1,997)	(9,347)
Balance at 30 June 2021	**147,409**	**14,319**	**161,728**
Additions	9,825	10,622	20,447
Depreciation	(7,613)	(3,275)	(10,888)
Balance at 30 June 2022	**149,621**	**21,666**	**171,287**

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	2.5 to 40 years
Plant and equipment	1 to 40 years

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

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

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

Changes in estimates

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

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	586,398	586,398
Less: Accumulated depreciation	(237,003)	(207,683)
	349,395	**378,715**

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

	Land and buildings $
Balance at 1 July 2020	408,035
Depreciation expense	(29,320)
Balance at 30 June 2021	**378,715**

Note 13. Right-of-use assets (continued)

	Land and buildings $
Depreciation expense	(29,320)
Balance at 30 June 2022	**349,395**

Accounting policy for right-of-use assets

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangibles

	2022 $	2021 $
Domiciled customer accounts	57,540	57,540
Less: Accumulated amortisation	(21,577)	(14,385)
	35,963	**43,155**
Franchise fee	20,987	20,987
Less: Accumulated amortisation	(16,592)	(14,395)
	4,395	**6,592**
Franchise renewal fee	54,932	54,932
Less: Accumulated amortisation	(32,959)	(21,973)
	21,973	**32,959**
	62,331	**82,706**

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

	Domiciled customer accounts $	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	50,348	8,790	43,945	103,083
Amortisation expense	(7,193)	(2,198)	(10,986)	(20,377)
Balance at 30 June 2021	**43,155**	**6,592**	**32,959**	**82,706**
Amortisation expense	(7,192)	(2,197)	(10,986)	(20,375)
Balance at 30 June 2022	**35,963**	**4,395**	**21,973**	**62,331**

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. The company has also acquired a customer list from Bendigo Bank.

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 and domiciled customer accounts acquired are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

Note 14. Intangibles (continued)

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2024
Domiciled customer accounts	Straight-line	8 years	June 2028

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 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	18,427	4,400
Other payables and accruals	60,737	50,872
	79,164	**55,272**
Non-current liabilities		
Other payables and accruals	**-**	**14,502**

Accounting policy for trade and other payables

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

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

Note 16. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	44,448	39,671
Unexpired interest	(21,934)	(22,952)
	22,514	**16,719**
Non-current liabilities		
Land and buildings lease liabilities	581,089	625,537
Unexpired interest	(135,506)	(157,440)
	445,583	**468,097**

Note 16. Lease liabilities (continued)

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	484,816	506,332
Lease interest expense	22,952	23,863
Lease payments - total cash outflow	(39,671)	(45,379)
	468,097	**484,816**

Maturity analysis

	2022 $	2021 $
Not later than 12 months	44,448	39,671
Between 12 months and 5 years	191,532	185,953
Greater than 5 years	389,557	439,584
	625,537	**665,208**

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.

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:

Port Fairy Branch	The lease agreement commenced in June 2014. A 5 year renewal option was exercised in May 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 4.79%.

Note 17. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	**16,368**	**15,860**
Non-current liabilities		
Long service leave	**2,184**	**3,008**

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.

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 18. Provisions

	2022 $	2021 $
Lease make good	**14,143**	**13,483**

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $25,000 for the Port Fairy Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on May 2034 at which time it is expected the face-value costs to restore the premises will fall due.

Note 18. Provisions (continued)

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 19. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	937,667	937,667	937,667	937,667
Less: Equity raising costs	-	-	(39,351)	(39,351)
	937,667	**937,667**	**898,316**	**898,316**

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

<u>Voting rights</u>

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.

<u>Dividends</u>

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).

<u>Transfer</u>

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.

Note 19. Issued capital (continued)

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 248. As at the date of this report, the company had 272 shareholders (2021: 272 shareholders).

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

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

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

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

Note 20. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	76,023	2,917
Profit after income tax expense for the year	24,927	73,106
Dividends paid (note 22)	(42,240)	-
Retained earnings at the end of the financial year	**58,710**	**76,023**

Note 21. Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 22. Dividends

Dividends provided for and paid during the period

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 4.5 cents per share	**42,240**	**-**

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	60,680	40,870
Franking credits (debits) arising from income taxes paid (refunded)	20,596	19,810
Franking debits from the payment of franked distributions	(14,080)	-
	67,196	**60,680**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	67,196	60,680
Franking credits (debits) that will arise from payment (refund) of income tax	3,599	7,545
Franking credits available for future reporting periods	**70,795**	**68,225**

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 23. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	62,694	60,895
Cash and cash equivalents	855,603	844,960
	918,297	**905,855**
Financial liabilities		
Trade and other payables	79,164	69,774
Lease liabilities	468,097	484,816
	547,261	**554,590**

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.

Note 23. Financial instruments (continued)

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

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

Financial risk management

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

Market risk

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

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $855,603 at 30 June 2022 (2021: $844,960). 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	79,164	-	-	79,164
Lease liabilities	44,448	191,532	389,557	625,537
Total non-derivatives	**123,612**	**191,532**	**389,557**	**704,701**

Note 23. Financial instruments (continued)

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	55,272	14,502	-	69,774
Lease liabilities	39,671	185,953	439,584	665,208
Total non-derivatives	**94,943**	**200,455**	**439,584**	**734,982**

Note 24. Key management personnel disclosures

The following persons were directors of Belfast Community Enterprises Limited during the financial year:

Damian John Gleeson
Nicole Louise Dwyer
Peter John Langley
Margaret Donne Leutton
Thomas Newton
Melissa Anne McDonald
Maree Louise Lane
John Julian Rahilly

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

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

Note 25. Related party transactions

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

Note 26. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	**5,200**	**5,000**
Other services		
General advisory services	3,260	2,690
Share registry services	3,566	2,300
	6,826	**4,990**
	12,026	**9,990**

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

	2022 $	2021 $
Profit after income tax expense for the year	24,927	73,106
Adjustments for:		
Depreciation and amortisation	60,583	59,044
Lease liabilities interest	22,952	23,863

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

	2022 $	2021 $
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	4,129	(9,326)
Decrease/(increase) in deferred tax assets	(5,378)	3,343
Increase/(decrease) in trade and other payables	22,574	(2,335)
Increase/(decrease) in provision for income tax	(3,946)	4,716
Decrease in employee benefits	(316)	(15,110)
Increase in other provisions	660	629
Net cash provided by operating activities	**126,185**	**137,930**

Note 28. Earnings per share

	2022 $	2021 $
Profit after income tax	**24,927**	**73,106**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	937,667	937,667
Weighted average number of ordinary shares used in calculating diluted earnings per share	**937,667**	**937,667**

	Cents	Cents
Basic earnings per share	2.66	7.80
Diluted earnings per share	2.66	7.80

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Belfast Community Enterprises 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 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Damian John Gleeson
Chair

23 October 2022

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Belfast Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Belfast Community Enterprises Limited (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 Belfast Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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 October 2022

Adrian Downing
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN 65 684 604 390

Community Bank · Port Fairy & District
Shop 4/32A Bank Street, Port Fairy VIC 3284
Phone: 03 5568 1200 Fax: 03 5568 1500
Email: portfairymailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/port-fairy

Franchisee: Belfast Community Enterprises Limited
ABN: 65 161 382 832
PO Box 164, Port Fairy VIC 3284
Phone: 03 5568 1200 Fax: 03 5568 1500

/communitybankportfairydistrict

This Annual Report has been printed on 100% Recycled Paper

Bendigo Bank