Annual Report 2022

Bellarine Peninsula
Community Branch Limited

Community Bank
Portarlington and Drysdale

ABN 33 089 107 657

Contents

Chairperson's report

For year ending 30 June 2022

I am extremely proud to present to our shareholders my report for the 2021-22 financial year for the Bellarine Peninsula Community Branch Limited.

Our result for the year was a profit after income tax of $136,294.

Our overall holdings have continued to grow throughout the year with most of this coming through an increase in deposits. Revenue managed to remain consistent when compared to last year and the Company is beginning to see the revenue benefits of an increase in interest rates with strong results reported in the last few months of the year. Expenditure included a one-off impairment of $115,328 to write-off the remaining value of leasehold improvements on the early termination of the Drysdale building lease.

The overall result is a significant improvement on last year's result and was still achieved in a difficult working environment with COVID-19 and in a low interest rate cycle. This could not have been achieved without the hard work of all our team.

Dividend history		
2003	dividend paid	5 cents
2004	dividend paid	7 cents
2005	dividend paid	8 cents
2006	dividend paid	9 cents
2007	dividend paid	9 cents
2008	dividend paid	9 cents
2009	bonus share given to existing shareholders of 2 for 1	
2010	dividend paid	4 cents
2011	dividend paid	8 cents
2012	dividend paid	8 cents
2013	dividend paid	8 cents
2014	dividend paid	7 cents
2015	dividend paid	4 cents
2016	dividend paid	5 cents
2017	dividend paid	6 cents
2018	dividend paid	6 cents
2019	dividend paid	6.5 cents
2020	dividend paid	5 cents
2021	dividend paid	5 cents

This year in accordance with our Franchise Agreement with Bendigo and Adelaide Bank we are pleased to recommend to shareholders a 5.0 cent dividend this year which is the same as that recommended in 2021.

During the year we formally opened our new branch building in Drysdale. This significant investment was first investigated by the Board approximately four years ago and was led by our former Chairperson, Justine Finlay. For those who have yet to visit the branch, it has a large footprint and is able to cater for a range of community services including a free retail pop-up space, space for community events and meetings as well as a dedicated space for aspiring local artists to showcase their work throughout the year.

The top floor of the building was sold during the year as it was excess to our needs and has resulted in a significant reduction in our borrowings to the level that current repayments are now less than the rent that we were paying on our previous occupied premises.

In April 2022 Bendigo Bank House in Geelong was officially opened. This state-of-the-art paediatric rehabilitation facility provides State Government funded specialist rehabilitation services for young people aged 0-25 who have sustained a traumatic brain injury, spinal injury, stroke or who require treatment after cancer or for other conditions such as cerebral palsy and now separates the services for young people from those provided to the adult community. We are enormously proud to have assisted in the fundraising for this facility by contributing just under $50,000 which has been formally recognised within the internal structure of the building.

Without the valued contribution of our staff, we would not be where we are as a Community Bank Company. Our staff have continued to operate with the utmost professionalism throughout this difficult period and I would like to thank the team led by Nathan Warren at Community Bank Drysdale and Tansy Collins at Community Bank Portarlington. The efforts of Nathan and Tansy and their respective teams are greatly appreciated by the Board.

At our last AGM we farewelled Senior Manager Chris Niven however we are very pleased to advise that he has returned, albeit in a completely different, brand-new role as Manager Community Engagement. This role, working directly with the Board, involves the enhancement of relationships with our community partners, major businesses and sponsors which is a strength of Chris and something that was quite challenging for us during the disconnection of COVID-19.

As in the past I must thank my fellow Directors who provide their time and expertise to this Company free of charge. All are extremely passionate about our community and truly understand the benefits that this Company provides to our local area. Unfortunately, we are also farewelling two of our longer-term Directors. Rob Barker has been Vice Chairman, a valued member of our Executive Committee and has been instrumental in developing and driving our business strategy. Sandra Baldwin has been a Director since the establishment of our second Community Bank Branch at Drysdale some 14 years ago and has been an incredibly hard-working, tireless advocate for the Community Bank over this journey. Sandra has also done an amazing job for us as our Company Secretary and her contribution will be sadly missed by fellow Directors and staff.

A sincere thank you to both Rob and Sandra for your extraordinary work for the Community Bank over many years.

Mark Cunneen, our former Regional Manager for Bendigo Bank will step into the Company Secretary role. Mark's experience in the workings of Bendigo Bank will stand us in good stead going forward and we look forward to welcoming him in the New Year!

There has been a consolidation of regions with Bellarine and Surf Coast now being merged with Geelong. David Tudor is our new Regional Manager and is well known to us having worked very closely with Mark Cunneen and has been involved in several projects across both regions. We look forward to working closely with David into the future.

Finally, to all our shareholders and to Bendigo and Adelaide Bank we send a significant vote of thanks. Your initial commitment to the Community Bank concept has allowed this Company to grow. Your continued support and advocacy are invaluable.

Stephen Wight
Chairperson

Managers' report

For year ending 30 June 2022

We are pleased to report that your Community Bank has achieved another successful year, despite another year where we have seen the impact of COVID-19.

Our commitment to improving the local community is evident through providing support to numerous local organisations, an extraordinary effort in a challenging environment. This support covers a wide variety of categories from sport and recreation, education and research, health and wellbeing including mental health, community facilities and arts, culture, and heritage.

Our vision is to be the Bellarine's bank of choice and our purpose is to feed into and encourage local prosperity. In reviewing our support back to the community this year, we are proudly confident that we are having a significantly positive impact in this vital space.

A massive undertaking to build our new Drysdale branch has been completed and if you have seen the space, it once again signifies that our Community Bank will provide a local banking service to residents and businesses well into the future.

Bendigo Bank is known throughout Australia for its amazing Community Bank model and since 1998, Community Banks have now contributed more than $272 million to communities right across the national network.

This profit share contribution would not be possible without the support of our shareholders and loyal customers. Thank you again from all of us, this support is vital to the future sustainability and growth of your Community Bank Drysdale and Community Bank Portarlington. We encourage you to assist us with our local advocacy efforts and of course, you are welcome to introduce family, friends, and your network contacts to us.

Our customers are at the heart of what we do and in what has been a unique year, our staff have been there every day, every week, every month to assist. A huge thank you to our amazing staff for the essential and brilliant work that you do.

Special thanks again to our business partners the Portarlington Business Development Association, Drysdale Soccer Club and Stockdale & Leggo Real Estate. We greatly appreciate your support and collaboration.

Finally, a special note of thanks to our amazing Board. We are fortunate to have a group of Directors who are so dedicated, community-minded and provide their time, skills, and expertise for the benefit of Community Bank Drysdale and Community Bank Portarlington and the local communities within which we operate.

Nathan Warren
Branch Manager-Drysdale

Tansy Collins
Branch Manager-Portarlington

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

Sponsorships and grants 2021-22

Sponsorships	
Port Demons Football/Netball Club	Drysdale Football/Netball Club
Port Primary School	Christmas Family Support/Gifts
Clifton Springs Bowls Club	Port Business Development Association
Drysdale Cricket Club	L 2 P Car/driver learning Program
Sunset Run	Drysdale Rotary Club
Clifton Springs Tennis Club	Port Community Information Booth
Port Golf Club	St Leonards Golf Club
Bellarine Sharks	Drysdale Soccer Club
Port Golf Charity Event	Port & District Pony Club

Grants	
Queenscliff UCA-security lights	$3,300
Bellarine Quilters-Charity Quilts	$1,600
Port Food Bank	$2,000
Drysdale Family Support	$2,200
Port Business Directory	$5,000
Barwon Health Kids Rehab *($42,500 previously given)*	$5,500

Bendigo Bank House – McKellar Kids' Rehab

Well done to all staff and directors across Greater Geelong with the launch of Bendigo Bank House and for your efforts in fundraising for this project over the last five years.

This photo will have to go straight to the pool room, or at least the board room at Federal Mills.

Directors' report

For the financial year ended 30 June 2022

Your directors submit the financial report of the Company for the financial year ended 30 June 2022.

Directors

The following persons held office as directors at any time during or since the end of the financial year:

- Stephen Wight
- Kerry Trewin
- Belinda Harvey (resigned 29 November 2021)
- Rebecca Smith (resigned 29 November 2021)
- Philip Volk
- Paul Jones (resigned 18 January 2022)
- Sandra Baldwin
- Robert Barker
- Jesse Papak
- Jennifer King

Company Secretary

The Company Secretary is Sandra Baldwin. Sandra was appointed to the position of Secretary on 19 January 2009.

Principal activities and significant changes in nature of activities

The principal activities of the Company during the financial year were facilitating the Community Bank services under management rights to operate two franchised branches of Bendigo & Adelaide Bank Ltd.

There were no significant changes in the nature of principal activities during the financial year.

Operating result and review of operations

The net result of the Company for the year after providing for income tax was a profit of $136,294.

There was no significant change in operations during the period with the asset base of both branches continuing to grow. The result for the financial year ending 30 June 2022 was assisted by the profit made on the sale of property, included in other revenue.

Financial position

The Company's net assets have increased to $1,451,309 at the end of the financial year compared to $1,396,873 for the previous year. The Company's current asset ratio is 2.20, remaining in a sound financial position.

Significant changes in state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Dividends

Dividends paid or declared for payment during the financial year are as follows:

- Ordinary fully franked dividend of 5 cents per share paid on 1 December 2021.

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 1.5 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 quarter July – September 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.

Future development

The directors are not aware of any specific development likely to have a significant effect on the operations of the Company or the expected results of those operations.

Environmental regulations

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Director and Auditor indemnification

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

Share options

No options to shares in the Company have been granted during the financial year and there were no options outstanding at the date of this report.

Proceedings

No person had applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Remuneration report

The board is responsible for the determination of remuneration packages and policies applicable to the manager of each branch and all the staff. The managers are invited to the board meeting as required to discuss performance and remuneration packages.

The managers are paid a base salary, which is between $90,000 and $110,000 plus superannuation.

In addition, each manager receives a bonus if the Company exceeds the performance criteria established by the board.

Sandra Baldwin received payment for services performed in a role as 'Executive Officer' including, but not limited to, community and public relations, corporate affairs administration, accounts liaison and other Company Secretarial duties. During the 2022 financial year Sandra was paid $30,880.78 (2021 $29,333).

No directors' remuneration has been paid as the positions are held on a voluntary basis.

Information on Directors

The director responsible in office at the date of this report together with their qualifications, experience, special responsibilities, and shareholdings are:

Stephen Wight Chairperson

Chartered Accountant
Registered Company Auditor
Director of Davidsons accounting practice based in Geelong and Melbourne
Member of the Institute of Chartered Accountants Australia and New Zealand
Involvement in public and not for profit organisations
Geelong resident
Shares Held: Nil

Robert Barker Vice Chair

Retired
Career in IT and Technology within the Banking & Finance Industries
Involved in Local Sporting groups
St. Leonards resident
Shares Held: Nil

Sandra Baldwin Company Secretary

Cert. Governance Practice
Member of the Steering committee of the Drysdale
Branch for Bellarine Peninsula Community Branch
Local resident for 34 years
Bannockburn resident
Shares Held: 1,000

Kerry Trewin Director

Director of Cosmetic Clinic in Geelong
Treasurer of Portarlington Business Association
Involved in community organisations
Portarlington Resident
Shares Held: 1,500

Philip Volk Director

Director of Horizons Wealth and Financial Focus Group
Master of Business Administration
Graduate Diploma of Management Sciences
Bachelor of Arts (Mil)
Naval Staff College Graduate
Portarlington resident
Shares Held: Nil

Jesse Papak Director

I.T. Professional
Anti-Fraud, Anti Money Laundering specialist
Sports High performance analytics practitioner
Big Data and Analytics specialist
Welfare officer for Portarlington Demons Football Club
Portarlington resident
Shares Held: Nil

Information on Directors (continued)

Jennifer King Director

Bachelor of Business (Accounting)
Fellow: Certified Practicing Accountant
Member of the Australian Institute of Company Directors
Non-Exec Director: ermha365 (mental health & disability service provider)
Non-Exec Director: Priceline Sisterhood Foundation
Secretary Portarlington Business Development Association
Portarlington Resident
Shares Held: Nil

Meeting attendance July 2021 to June 2022

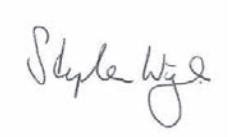
Director	28 July 2021	30 August 2021	27 September 2021	25 October 2021	29 November 2021	31 January 2022	28 February 2022	28 March 2022	2 May 2022	30 May 2022	27 June 2022
Stephen Wight	P	P	P	P	P	A	P	P	A	P	P
Robert Barker	L	L	P	P	P	P	L	L	P	P	P
Rebecca Smith	P	P	P	P	P	R	R	R	R	R	R
Sandra Baldwin	P	P	P	P	P	P	P	P	P	P	P
Paul Jones	P	P	P	P	A	R	R	R	R	R	R
Kerry Trewin	P	P	P	P	P	P	P	L	P	P	P
Belinda Harvey	P	P	A	P	P	R	R	R	R	R	R
Philip Volk						P	P	P	P	P	P
Jesse Papak						P	P	P	P	P	P
Jennifer King									P	P	P

Key to Symbols **P** Present **A** Apology **L** Leave **R** Retired **C** Cancelled

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached.

Signed in accordance with a resolution of the Board of Directors



Stephen Wight
Chairperson

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 Bellarine Peninsula Community Branch Limited

As lead auditor for the audit of Bellarine Peninsula Community Branch 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: 25 October 2022

Joshua Griffin
Lead Auditor

afsbendigo.com.au

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

Financial statements

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

	Notes	2022 $	2021 $
Revenue from Contracts with Customers	6	1,708,503	1,688,269
Other Revenue	7	130,258	31,321
Finance Income	8	864	3,854
Total revenue		**1,839,625**	**1,723,444**
Employee Benefits		1,005,320	1,000,292
Information Technology Expenses		100,011	81,463
Depreciation and Amortisation	9(a)	99,756	100,205
Impairment	9(d)	115,238	106,478
Finance Costs	9(b)	29,344	11,007
Property Expenses		60,301	54,497
Professional Fees		53,034	49,150
Insurance		30,738	28,587
Administration Expenses		93,686	101,253
Other expenses From Ordinary Activities		33,093	26,335
Total expenses from ordinary activities		**1,620,521**	**1,559,267**
Operating profit before charitable donations and sponsorship		**219,104**	**164,177**
Donations and Sponsorship	9(c)	30,230	36,376
Profit before income tax expense		**188,874**	**127,801**
Income Tax Expense	10	52,580	53,759
Profit after income tax expense		**136,294**	**74,042**
Other comprehensive income			
Available-for-sale Revaluation Surplus/(Loss) Recognised		(1,929)	(2,893)
Total other comprehensive income		**(1,929)**	**(2,893)**
COMPREHENSIVE RESULT FOR THE YEAR		**134,365**	**71,149**
Earnings per Share (cents per share)			
Basic Earnings per share	31	8.53	4.63
Diluted Earnings per share	31	8.53	4.63

This statement should be read in conjunction with the accompanying notes

Statement of Financial Position
for the year ended 30 June 2022

	Notes	2022 $	2021 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	11	398,791	901,549
Receivables	12	152,897	99,771
Total Current Assets		**551,688**	**1,001,320**
Non-Current Assets			
Other Financial Assets	13	17,357	19,286
Deferred Tax Assets	14	31,446	37,821
Property, Plant, Equipment	15	1,297,957	443,427
Right-of-use assets	16	62,420	110,360
Intangible Assets	17	40,644	67,007
Total Non-Current Assets		**1,449,824**	**677,902**
TOTAL ASSETS		**2,001,512**	**1,679,221**
LIABILITIES			
Current Liabilities			
Payables	18	51,474	20,409
Borrowings	19	26,470	-
Lease liabilities	20	65,775	85,743
Employee Benefits	22	65,825	53,957
Current Tax Liabilities		21,766	(16,546)
Total Current Liabilities		**231,310**	**143,563**
Non-Current Liabilities			
Payables	18	-	30,315
Borrowings	19	270,169	-
Lease liabilities	20	38,650	95,705
Provisions	21	2,784	6,533
Employee Benefits	22	7,290	6,232
Total Non-Current Liabilities		**318,893**	**138,785**
TOTAL LIABILITIES		**550,203**	**282,348**
NET ASSETS		**1,451,309**	**1,396,873**
EQUITY			
Issued Capital	23	787,911	787,911
Financial Assets Reserve	SCE	(22,643)	(20,714)
Retained Earnings	SCE	686,041	629,676
TOTAL EQUITY		**1,451,309**	**1,396,873**

This statement should be read in conjunction with the accompanying notes

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

	Notes	Issued capital $	Financial assets reserve $	Retained earnings $	Total $
Balance at 1 July 2020		787,911	(17,821)	635,563	1,405,653
Comprehensive Income					
Net Result for the year		-	-	74,042	74,042
Other Comprehensive Income for the year		-	(2,893)	-	(2,893)
Transactions with Owners in their Capacity as Owners					
Dividends recognised for the year	32	-	-	(79,929)	(79,929)
Balance at 30 June 2021		**787,911**	**(20,714)**	**629,676**	**1,396,873**
Comprehensive Income					
Net Result for the year		-	-	136,294	136,294
Other Comprehensive Income for the year		-	(1,929)	-	(1,929)
Transactions with Owners in their Capacity as Owners					
Dividends recognised for the year	32	-	-	(79,929)	(79,929)
Balance at 30 June 2022		**787,911**	**(22,643)**	**686,041**	**1,451,309**

This statement should be read in conjunction with the accompanying notes

Statement of Cash Flows
for the year ended 30 June 2022

	Notes	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		1,832,000	1,868,911
Interest		864	5,216
Dividends		1,832	2,989
Payments			
Employee benefits		(948,377)	(1,013,935)
Tax Paid		(196,845)	(102,878)
Lease payments (interest component)		(6,663)	(11,007)
Lease payments not included in the measurement of lease liabilities		-	(32,685)
Payments to suppliers		(551,017)	(508,823)
Interest on borrowings		(22,681)	-
NET CASH INFLOWS FROM OPERATING ACTIVITIES	**24**	**109,113**	**207,788**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of fixed assets		(1,762,172)	(158,666)
Proceeds from sale of fixed assets		1,019,863	5,000
Purchase of Intangible Assets		-	(27,559)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(742,309)**	**(181,225)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		805,000	-
Repayment of borrowings (principal component)		(508,361)	-
Lease payments (principal component)		(86,272)	(75,489)
Dividends paid	32	(79,929)	(79,929)
NET CASH INFLOWS/(OUTFLOWS) FROM FINANCING ACTIVITIES		**130,438**	**(155,418)**
NET DECREASE IN CASH HELD		(502,758)	(128,855)
CASH AT 1 JULY		901,549	1,030,404
CASH AT 30 JUNE	**11**	**398,791**	**901,549**

This statement 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

Bellarine Peninsula Community Branch Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2022 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing Community Bank services. The registered office and principal place of business is:

Registered office:	44 Newcombe Street Portarlington 3223	
Principal places of business:	Portarlington	44 Newcombe Street Portarlington 3223
	Drysdale	6B, 35-37 Murradoc Road Drysdale 3222

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, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors.

Note 3: 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.

Note 4: Summary of significant accounting policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Revenue from contracts with customers

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

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

Note 4: Summary of significant accounting policies (continued)

(a) Revenue from contracts with customers (continued)

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

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the Company – 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 that 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. The effect of the change on the revenue earned by the Company is entirely dependent on the change.

Note 4: Summary of significant accounting policies (continued)

(a) Revenue from contracts with customers (continued)

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

(b) Other revenue

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
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
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 Goods and Services Tax (GST).

(c) Economic Dependency - Bendigo Bank

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at Drysdale and Portarlington.

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 branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The Company manages the Community Bank branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

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

Note 4: Summary of significant accounting policies (continued)

(c) Economic Dependency - Bendigo Bank (continued)

- sales techniques and proper customer relations.
- providing payroll services

(d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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.

Defined superannuation contribution plans

The Company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

Contributions to a defined contribution plan are expected to be settled wholly before 12 months after the end of the financial year in which the employees render the related service.

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 estimate future cash outflows.

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

(e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore recognises them under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Current income 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.

Deferred tax

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

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

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

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

Note 4: Summary of significant accounting policies (continued)

(e) Taxes (continued)

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.

Goods and Services Tax

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.
- when receivables and payables are stated with the amount of GST included.

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.

(f) Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line or diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Leasehold improvements	Straight-line	10 years
Buildings	Straight-line	40 years
Furniture, fixtures and fittings	Straight-line	2 to 10 years
Motor vehicles	Diminishing value	8 years

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

(h) Intangible assets

Intangible assets of the Company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition and measurement

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Note 4: Summary of significant accounting policies (continued)

(h) Intangible assets (continued)

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets with finite lives are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Intangible assets assessed as having indefinite useful lives are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

Asset class	Method	Useful life
Franchise licence fee	Straight-line	Over the franchise term (5 years)
Domiciled customer accounts	Assessed for impairment	Indefinite

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

(i) 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 and other debtors and creditors, cash and cash equivalents, lease liabilities, equity securities (shares).

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

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

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

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

(j) Impairment

Non-derivative financial assets

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

Non-financial assets

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

Note 4: Summary of significant accounting policies (continued)

(j) Impairment (continued)

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.

(k) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

The estimated provisions for the current and comparative periods are to restore the premises under a 'make-good' clause.

The Company is required to restore the leased premises to its/their original condition before the end of the lease term. A provision has been recognised for the present value of the estimated expenditure required to remove any leasehold improvements, ATM installed at the branch, and incidental damage caused from the removal of assets.

(m) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the Company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the costs of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

Note 4: Summary of significant accounting policies (continued)

(m) Leases (continued)

- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the Company is reasonable certain to exercise, lease payments in an option renewal period if the Company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 zero.

Short-term leases and leases of low-value assets

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

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

(n) Fair value measurement

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are based on the quoted market price at the close of business at the end of the reporting period.
- Level 2 inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3 inputs are unobservable inputs for the asset or liability.

Note 5: Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
- leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the Company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the Company is reasonably certain to exercise extension options, termination periods, and purchase options;

Note 5: Significant accounting judgements, estimates, and assumptions (continued)

a) Judgements (continued)

Note	Judgement
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the Company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the Company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
- recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- fair value	determining the fair value less costs to sell of the disposal group on the basis of quoted market price at the close of business at the end of the reporting period.
- estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6: Revenue from contracts with customers

	2022 $	2021 $
- Margin income	1,382,071	1,370,446
- Fee income	131,080	135,418
- Commission income	195,352	182,405
	1,708,503	**1,688,269**

Note 7: Other revenue

	2022 $	2021 $
- Dividend and distribution income	1,832	2,989
- Cash flow boost	-	23,339
- Sale of property, plant and equipment	128,426	-
- Other income	-	4,993
	130,258	**31,321**

Note 8: Finance income

	2022 $	2021 $
- Interest from cash at bank	864	3,854
	864	**3,854**

Finance income is recognised when earned using the effective interest rate method.

Note 9: Expenses

	2022 $	2021 $
a) Depreciation and amortisation expense		
Depreciation of property, plant and equipment	32,517	21,629
Depreciation of right-of-use assets.	40,877	52,200
Amortisation of intangibles	26,363	26,376
	99,757	**100,205**

b) Finance costs		
Lease interest expense	6,663	11,007
Bank loan interest paid or accrued	22,681	-
	29,344	**11,007**

c) Charitable donations, sponsorship, advertising and promotion

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

	Note	2022 $	2021 $
Direct sponsorship, advertising, and promotion payments		30,230	36,376
		30,230	**36,376**

d) Impairment costs			
Change in estimates of intangible assets		-	106,478
Impairment of leasehold improvements on early termination of Drysdale building lease	15(b)	115,238	-
		115,238	**106,478**

Note 10: Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

	2022 $	2021 $
a) Amounts recognised in profit or loss		
Current Tax	58,955	58,879
Movement in deferred tax	(6,375)	(6,464)
Over provision in respect of prior years	-	1,344
	52,580	**53,759**
b) Prima facie income tax reconciliation		
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2021: 26%)	47,219	33,228
Add		
Tax effect of:		
non-deductible expenses	13,694	54,855
timing difference expenses	3,184	968
non-assessable income	-	(6,068)
movement in deferred tax	(6,375)	(6,464)
reduction in Company tax rate	1,220	-
other deductible expenses	(19,112)	(24,104)
	39,829	**52,415**
Less		
Tax effect of:		
under provision of tax in prior years	12,751	1,344
	52,580	**53,759**
Weighted Average Tax Effective Rate	25.00%	26.00%

Note 11: Cash and cash equivalents

Cash and cash equivalents includes cash on hand and in banks. Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2022 $	2021 $
Cash at Bank	395,927	551,993
Short Term Deposits	2,864	349,556
	398,791	**901,549**

Note 12: Receivables

	2022 $	2021 $
CURRENT		
Contractual		
Trade debtors	146,032	98,235
Accrued Investment Income	-	444
Prepayments	6,865	1,092
TOTAL	**152,897**	**99,771**

(a) Ageing of Receivables

Please refer to note 25 (c) for the ageing analysis of receivables.

(b) Nature and extent of risk arising from Receivables

Please refer to note 25 (c) for the nature and extent of credit risk arising from receivables.

Note 13: Other financial assets

	2022 $	2021 $
Non-Current		
Financial Assets at fair value through Other Comprehensive Income		
Shares - Unlisted Public Company	**17,357**	**19,286**

(a) Ageing of Other Financial Assets

Please refer to note 25 (c) for the ageing analysis of Other Financial Assets.

(b) Nature and extent of risk arising from other financial assets

Please refer to note 25 (c) for the nature and extent of credit risk arising from Other Financial Assets.

Note 14: Deferred tax assets

	2022 $	2021 $
Deferred Tax Assets Comprise:		
Employee Benefits	17,404	14,503
Make-good Provision	696	1,616
Lease Liability	23,523	64,985
Right-of-use Asset	(12,444)	(38,024)
Other	2,267	(5,259)
	31,446	**37,821**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive inocme	**(6,375)**	**(6,464)**

Note 15: Property, plant and equipment

(a) Gross carrying amount and accumulated depreciation at cost

	2022 $	2021 $
Land at cost	**145,000**	**-**
Buildings at cost	1,028,437	-
Less Accumulated Depreciation	(14,506)	-
Total Land and Buildings	**1,013,931**	**-**
Deposit paid - Land and buildings	-	131,788
Work in progress at cost*	-	48,330
Total Work in Progress - Land and Buildings	**-**	**180,118**

* Work in progress relates to the building development for a new Drysdale branch completed in the financial year ended 30 June 2022.

	2022 $	2021 $
Furniture and Equipment	76,584	76,584
Less Accumulated Depreciation	(71,911)	(69,050)
Total Furniture and Equipment	**4,673**	**7,534**
Leasehold Improvements	234,136	453,275
Less Accumulated Amortisation	(99,783)	(197,500)
Total Leasehold improvements	**134,353**	**255,775**
Total Property, Plant & Equipment	**1,297,957**	**443,427**

(b) Reconciliations of the carrying amounts of each class of asset

	Land	Buildings	Work in progress $	Leasehold Improvements $	Furniture & Equipment $	Total $
Balance at 30 June 2020	-	-	20,944	270,551	12,195	309,175
Additions	-	-	159,174	(14,776)	(4,661)	139,737
Disposals at WDV	-	-	-	-	-	(4,681)
Depreciation expense	-	-	-	-	-	(804)
Balance at 30 June 2021	**-**	**-**	**180,118**	**255,775**	**7,534**	**443,427**
Additions	290,000	1,483,188	-	5,296	-	1,778,484
Transfer between categories	-	180,118	(180,118)	-	-	-
Disposals at WDV	(145,000)	(631,199)	-	(115,238)	-	(891,437)
Depreciation expense	-	(18,176)	-	(11,480)	(2,861)	(32,517)
Balance at 30 June 2022	**145,000**	**1,013,931**	**-**	**134,353**	**4,673**	**1,297,957**

Note 16: Right-of-use assets

	2022 $	2021 $
a) Carrying amounts		
Leased land and buildings	464,613	746,570
Less Accumulated Depreciation	(414,836)	(652,522)
	49,777	**94,048**
Leased Motor vehicle	17,699	17,699
Less Accumulated Depreciation	(5,056)	(1,387)
	12,643	**16,312**
	62,420	**110,360**
b) Reconciliation of carrying amounts		
Carrying amount at beginning	110,360	146,248
Additional right-of-use assets recognised	-	17,699
Disposals	(3,392)	-
Depreciation	(44,548)	(53,587)
Carrying amount at end	**62,420**	**110,360**

Note 17: Intangible assets

	2022 $	2021 $
(a) Carrying amounts		
NON-CURRENT		
Franchise Licence Fee	131,838	131,838
less accumulated amortisation	(91,194)	(64,831)
	40,644	**67,007**

Note 18: Payables

	2022 $	2021 $
CURRENT		
Contractual		
Payables - contractual	31,877	30,494
Accrued wages	5,603	8,881
Accrued Expenses	9,070	5,316
	46,550	**44,691**
Statutory		
GST payable/(receivable)	(6,820)	11,282
PAYG witholding	11,744	(35,564)
	4,924	**(24,282)**
TOTAL CURRENT	**51,474**	**20,409**

Note 18: Payables (continued)

	2022 $	2021 $
NON-CURRENT		
Contractual		
Payables - contractual	-	30,315
TOTAL NON-CURRENT	**-**	**30,315**
Total Payables	**51,474**	**50,724**

Note 19: Loans and borrowings

	2022 $	2021 $
a) Current liabilities		
Secured bank loans	26,470	-
	26,470	**-**
b) Non-current liabilities		
Secured bank loans	270,169	-
	270,169	**-**
TOTAL LOANS AND BORROWINGS	**296,639**	**-**

The Company has entered into a mortgage loan with Bendigo Bank for an initial drawdown of $805,000 in July 2021 to facilitate the settlement of the property development at 35-37 Murradoc Road, Drysdale (the mortgage property). Interest is payable at variable rates.

Note 20: 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 on the adoption date. The discount rate used on recognition was 5%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

The Company's lease portfolio includes:

Drysdale branch	The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in April 2007. An extension option term of 5 years was exercised in April 2012, and further 5 years in April 2017. The current lease was ended early in December 2021.
Portarlington branch	The lease agreement is a non-cancellable lease with an initial term of 4 years which commenced in January 2010. An extension option term of 5 years was exercised in January 2014, and further 5 years in January 2019. There is a further 5 year extension option. The Company is not reasonably certain to exercise the final five-year lease term.
Motor vehicle	The agreement is an equipment loan, secured by way of chattel mortgage over the vehicle, for a 4 year term commencing in February 2021.

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

Note 20: Lease liabilities (continued)

	2022 $	2021 $
a) Current lease liabilities		
Property lease liabilities	65,338	85,736
Less unexpired interest charges	(3,338)	(4,083)
	62,000	**81,653**
Motor vehicle lease liabilities	4,000	4,333
Less unexpired interest charges	(225)	(243)
	3,775	**4,090**
	65,775	**85,743**
b) Non-current lease liabilities		
Property lease liabilities	33,151	90,581
Less unexpired interest charges	(478)	(4,313)
	32,673	**86,268**
Motor vehicle lease liabilities	6,333	10,000
Less unexpired interest charges	(356)	(563)
	5,977	**9,437**
	38,650	**95,705**
	104,425	**181,448**
c) Maturity analysis		
- Not later than 12 months	69,338	90,069
- Between 12 months and 5 years	39,484	100,582
Total undiscounted lease payments	**108,822**	**190,650**
Unexpired interest	(4,397)	(9,202)
Present value of lease liabilities	**104,425**	**181,448**

Note 21: Provisions

As at the reporting date, the make-good of the leased premises is not expected to be wholly settled within 12 months. The balance is classified as non-current.

	2022 $	2021 $
a) Non-current liabilities		
Make-good on leased premises	2,784	6,533
	2,784	**6,533**

In accordance with the branch lease agreements, the Company must restore the leased premises to their original condition before the expiry of the lease term.

The Company has estimated the provision 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.

Note 21: Provisions (continued)

	2022 $	2021 $
Provision		
Balance at the beginning	6,533	6,215
Present value discounting	135	318
Provision remeasurements	(3,884)	-
	2,784	**6,533**

Note 22: Employee benefits

	2022 $	2021 $
CURRENT		
Long Service Leave	33,412	28,024
Annual Leave	28,913	25,933
Sick leave	3,500	-
TOTAL	**65,825**	**53,957**
NON-CURRENT		
Long Service Leave	7,290	6,232
	73,115	**60,189**

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.

Note 23: Issued capital

	2022 $	2021 $
(a) Ordinary Shares		
1,598,571 (2021: 1,598,571) ordinary shares fully paid	**787,911**	**787,911**
Ordinary Shares at the beginning of the reporting period	1,598,571	1,598,571
Shares Issued during the year	-	-
Shares held at reporting date	**1,598,571**	**1,598,571**

Note 24: Reconciliation of net result for the year to net cash flows from operating activities

	2022 $	2021 $
Result after income tax	136,294	74,042
Non-Cash Flows in Profit		
Depreciation	73,394	73,829
Amortisation	26,376	26,376
Profit on sale of assets	(128,426)	-
Interest expense on loan	22,681	

Note 24: Reconciliation of net result for the year to net cash flows from operating activities (continued)

	2022 $	2021 $
Changes in Assets and Liabilities		
Increase/(Decrease) in employee benefits	12,913	(1,807)
Increase/(Decrease) in payables	(21,931)	(34,102)
Increase/(Decrease) in tax liabilities	44,687	(49,119)
Decrease/(Increase) in receivables	(47,353)	13,183
Decrease/(Increase) in prepayments	(5,773)	(1,092)
Decrease/(Increase) in intangibles	-	106,478
Increase/(Decrease) in provisions	(3,749)	-
Net Cash From Operating Activities	**109,113**	**207,788**

Note 25: Financial instruments

(a) Financial Risk Management Objectives and Policies

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Governance committee which reports regularly to the Board.

The Company's principal financial instruments comprise of:

- Cash Assets
- Term Deposits
- Financial Assets
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Lease liabilities

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 4 to the financial statements.

(b) Categorisation of Financial Instruments

		Carrying Amount		
	Note	Category	2022 $	2021 $
Financial Assets				
Cash and Cash Equivalents	11	Financial assets at amortised cost	398,791	901,549
Receivables	12	Financial assets at amortised cost	152,897	99,771
Other Financial Assets	13	Financial assets at fair value through other comprehensive income	17,357	19,286

Note 25: Financial instruments (continued)

(b) Categorisation of Financial Instruments (continued)

	Carrying Amount			
	Note	Category	2022 $	2021 $
Financial Liabilities				
Payables	18	Financial Liabilities measured at Amortised Cost	46,550	75,006
Lease liabilities	19	Financial Liabilities measured at Amortised Cost	104,425	181,448
Borrowings	19	Financial Liabilities measured at Amortised Cost	296,639	-

(c) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

The Company's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table. For interest rates applicable to each class of asset refer to individual notes to the financial statements.

Interest Rate Exposure and ageing analysis of financial assets as at 30 June

			Interest Rate Exposure			
	Weighted Average Interest Rates %	Consolidated Carrying Amount $	Fixed Interest Rate $	Variable Interest Rate $	Non Interest Bearing $	Not Past Due And Not Impaired $
2022						
Financial Assets						
Cash and Cash Equivalents	0.05	398,791	2,864	395,567	360	398,791
Receivables	0.00	152,897	-	-	152,897	152,897
Other Financial Assets	0.00	17,357	-	-	17,357	17,357
Total Financial Assets		**569,045**	**2,864**	**395,567**	**170,614**	**569,045**
2021						
Financial Assets						
Cash and Cash Equivalents	0.05	901,549	349,556	551,633	360	901,549
Receivables	0.00	99,771	-	-	99,771	99,771
Other Financial Assets	0.00	19,286	-	-	19,286	19,286
Total Financial Assets		**1,020,606**	**349,556**	**551,633**	**119,417**	**1,020,606**

Note 25: Financial instruments (continued)

(d) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that liquid assets are available.

The following table discloses the contractual maturity analysis for the Company's financial liabilities.

			Interest Rate Exposure			Maturity Dates		
	Weighted Average Interest Rates %	Carrying Amount $	Fixed Interest Rate $	Variable Interest Rate $	Non Interest Bearing $	Less than 1 Year $	1-5 Years	5+ Years
2022								
Payables	0.00	46,550	-		46,550	16,235	30,315	-
Lease Liabilities	5.00	104,425	104,425		-	65,775	38,650	-
Borrowings	3.18	296,639	-	296,639	-	26,470	132,352	137,817
Total Financial Liabilities		**447,614**	**104,425**	**296,639**	**46,550**	**108,480**	**201,317**	**137,817**
2021								
Payables	0.00	75,006	-	-	75,006	44,691	30,315	-
Lease Liabilities	5.00	181,448	181,448	-	-	85,743	95,705	-
Total Financial Liabilities		**256,454**	**181,448**	**-**	**75,006**	**130,434**	**126,020**	**-**

(e) Market Risk

Currency Risk

The Company has no exposure to foreign currency risk.

Interest Rate Risk

Exposure to interest rate risk might arise primarily through the Company's interest bearing liabilities. The Company has a variable interest mortgage loan with Bendigo Bank.

Other Price Risk

The Company is exposed to insignificant other price risk

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Company believes the following movements are 'reasonably possible' over the next 12 months.

- A parallel shift of +1% and -1% in market interest rates (AUD)
- A parallel shift of +1% and -1% in inflation rate

Note 25: Financial instruments (continued)

(e) Market Risk (continued)

The following table discloses the impact on net operating result and equity for each category of financial instrument held by the Company at year end if changes in the relevant risk occur:

		Interest Rate Risk			
	Carrying Amount $	-1% Profit $	Equity $	+1% Profit $	Equity $
2022					
Financial Assets					
Cash and Cash Equivalents	398,791	(3,956)	(3,956)	3,956	3,956
Receivables	152,897	-	-	-	-
Other Financial Assets	17,357	-	-	-	-
Financial Liabilities					
Trade Creditors and Accruals	46,550	-	-	-	-
Lease Liabilities	104,425	-	-	-	-
Borrowings	296,639	(5,516)	(5,516)	5,516	5,516
2021					
Financial Assets					
Cash and Cash Equivalents	901,549	(5,516)	(5,516)	5,516	5,516
Receivables	99,771	-	-	-	-
Other Financial Assets	19,286	-	-	-	-
Financial Liabilities					
Trade Creditors and Accruals	75,006	-	-	-	-
Lease Liabilities	181,448	-	-	-	-

(f) Fair values

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and

Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of financial position. The Company does not have any unrecognised financial instruments at year end.

(g) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitor the return on capital and the level of dividends 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.

Note 25: Financial instruments (continued)

(g) Capital management (continued)

The Distribution Limit is the greater of:

(a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period.

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

Note 26: Segment reporting

Industry Segments

Bellarine Peninsula Community Branch Ltd's only industry segment is the provision of branch banking services.

Geographical Segment

Bellarine Peninsula Community Branch Ltd operates predominantly on the Bellarine Penisula, Victoria. More than 90% revenue, net surplus from ordinary activities and segment assets relate to operations on the peninsula.

Note 27: Director and related party disclosures

a) The names of directors whom have held office during the financial year are:

	From	To
S Wight (Chair)	7/1/2021	6/30/2022
SJ Baldwin	7/1/2021	6/30/2022
R Barker	7/1/2021	6/30/2022
B Harvey	7/1/2021	11/29/2021
PC Jones	7/1/2021	1/18/2022
K Trewin	7/1/2021	6/30/2022
R Smith	7/1/2021	11/29/2021
J Papak	10/29/2021	6/30/2022
P Volk	9/27/2021	6/30/2022
JL King	5/2/2022	6/30/2022

b) Key management personnel compensation

Sandra Baldwin received payment for services performed in a role as 'Executive Officer' including, but not limited to, community and public relations, corporate affairs administration, accounts liaison and other Company Secretarial duties. During the 2022 financial year Sandra was paid $30,734 (2021 $29,333).

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.

c) Transactions with directors and/or related parties

S. Wight is a director of Davidsons Pty Ltd which provides accounting services to the Company. The amount paid to Davidsons Pty Ltd for these services amounted to $53,034 (2021 $49,150).

The transactions were made on an arms length basis and on normal terms and conditions.

Note 28: Contingent assets and contingent liabilities

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

Note 29: Events occurring after reporting date

There have been no significant events occurring after the reporting date which may effect either the Company's operations or the results of those operations or the Company's state of affairs.

Note 30: Auditors remuneration

	2022 $	2021 $
Remuneration of the Auditor of the Company for:		
-Auditing or reviewing the financial report	5,700	6,000
-General advisory services	2,600	2,930
-Share registry services	3,854	4,491
	12,154	**13,421**

Note 31: Earnings per share

Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2022 $	2021 $
Profit after income tax expense	136,294	74,042
Weighted average number of ordinary shares for basic and diluted earnings per share	**1,598,571**	**1,598,571**
a) Basic earnings per share (cents per share)	8.53	4.63
b) Diluted earnings per share (cents per share)	8.53	4.63

NOTE 32: Dividends

	2022 $	2021 $
(a) Dividends paid during the year		
Fully Franked dividends - 5 cents per share (2021: 5 cents per share)	79,929	79,929
(b) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year	**317,745**	**335,884**

The tax rate at which dividends have been franked is 25% (2021: 26%).

Directors' declaration

For the financial year ended 30 June 2022

The directors of the company declare that:

1. The financial statements of the company comprising the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes forming part of the accounts:
   (a) give a true and fair view of the company's financial position as at 30 June 2022 and its performance and cash flows for the year ended on that date; and
   (b) comply with the Corporations Act 2001, Accounting Standards and the Corporations Regulations 2001.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the directors by:

Dated this 25th day of October, 2022

Stephen Wight
Chairperson

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

Independent auditor's report to the Directors of Bellarine Peninsula Community Branch Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bellarine Peninsula Community Branch 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 Bellarine Peninsula Community Branch 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.

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 October 2022

Joshua Griffin
Lead Auditor

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Bendigo Bank

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