Annual Report 2022

Berowra & District Financial Services Limited

Community Bank
Berowra

ABN 62 116 755 938

Contents

BDFSL ANNUAL REPORT – CHAIRMAN'S REPORT

It is my pleasure as the Chairman of Berowra and District Financial Services Limited to report on the company's progress during the year ended 30 June 2022. It is particularly pleasing to report continued growth in our Footings and a profit for the year.

As I updated shareholders in January, it was another disruptive year within the business. Staff changes and COVID impacts made keeping the doors open every day a major challenge, none the less we continued to grow.

The previous year's report covered many of the events of the first half of the financial year, so I will only mention them briefly, allowing more space to update shareholders on the second half and post year end events. The most significant has been the improvements in margins after year end, a welcome change to the past three years of deteriorating margins.

People

Following the disruption of a full turnover in staff in the first half of the year we ended the year and currently have a great and cohesive team, though still one short of what we need for full sales and operations. Our manager Namrata Kaushal has led CSO Sue Gorham and CSO trainee Sara Salavati stoically over the past year, with limited resources. The team has gone above and beyond to keep the bank open despite bouts of COVID and being short staffed, only closing on a few occasions when options were exhausted.

Attempts to find a fourth team member, one who can help grow our loan business have not been successful all year. We have had two candidates reach the acceptance stage, who then discontinued their applications, plus one trial applicant for a CSO role which didn't work out.

The success of the business is totally dependent on finding the right mix of people with the right skills and aptitudes for the team and business. In Nam, Sue and Sara we have three out of the four talents we need, so we continue to search for an additional lender in what is a very challenging market for such roles.

I will echo my thanks from last year's annual report to Josie, Fahimeh, Liz and Leila who left us during the year for their work and passion. We also have had a change in our Regional Manager, a Bendigo and Adelaide Bank role, but one we actively engage with regularly. Ruchir Pandey has taken over from Alan Fardon. Thank you, Alan, for outstanding support, Ruchir has some big shoes to fill and has made great efforts to do so in the short time he has been with us.

The board has also had some changes, with Saurabh Bhatnagar leaving us due to work commitments and Stephen Hitchcock joining the board. Thank you to Saurabh for his strong commercial and industry contributions while on the board and I welcome Stephen whose business acumen and eye for detail is adding great value. Thank you also to our continuing directors Bruce Waterhouse, Greg Steptoe, Robert Wawrzyniak and Stephen Pead, who have all provided great support to the business as volunteer directors over the year.

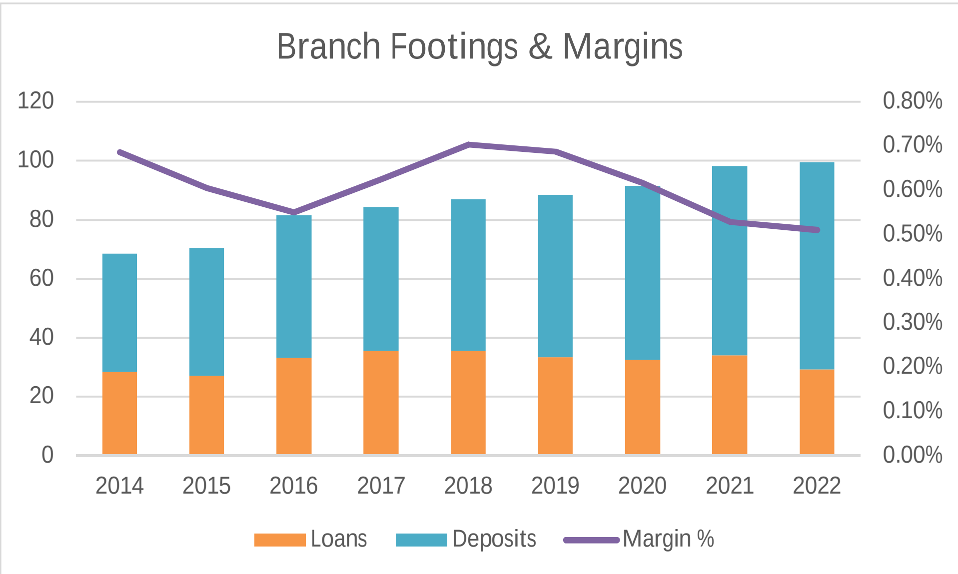
Operating results

The business made a profit of $62,784 this year, a significant improvement on the loss of -$82,530 last year. This was mostly due to the adjustment to the cost base of the business completed at the end of last financial year that I mentioned in last year's report and salary gaps while seeking replacements for staff changes this year. In total, expenses fell by $248,584, offset by a fall in revenue of -$56,194 (-9%) despite growing our footings by +$1.3m (+1.3%). The drop in revenue was in part due to weaker margins (-3.3%) but also from lower Marketing Development Funding support from Bendigo and Adelaide Bank (-$10,625) and no longer receiving COVID based stimulus payments (-$35,662).

This turnaround in profitability has enabled us to reduce our overdraft by over $100,000 in the year ended June 2022 and I am pleased to report that as at the end of September 2022 it has been reduced by a further $66,888 to below $300,000. Post year end margin improvements have added to cost savings to further improve profitability as the interest rate cycle has turned in our favour.

The 2022 Financial Year was the third year in a row the business results have been dragged down by lower margins, it has only been the reduction in costs to meet the reduced revenue that has produced a profit this year. Historically low official interest rates have squeezed bank margins and they fell to unsustainable levels across the industry. Our business continues its unbroken record of increasing Footings (Loans + Deposits) but again was not rewarded with increased revenue in the 2022 Financial Year, but is being rewarded in the new year.

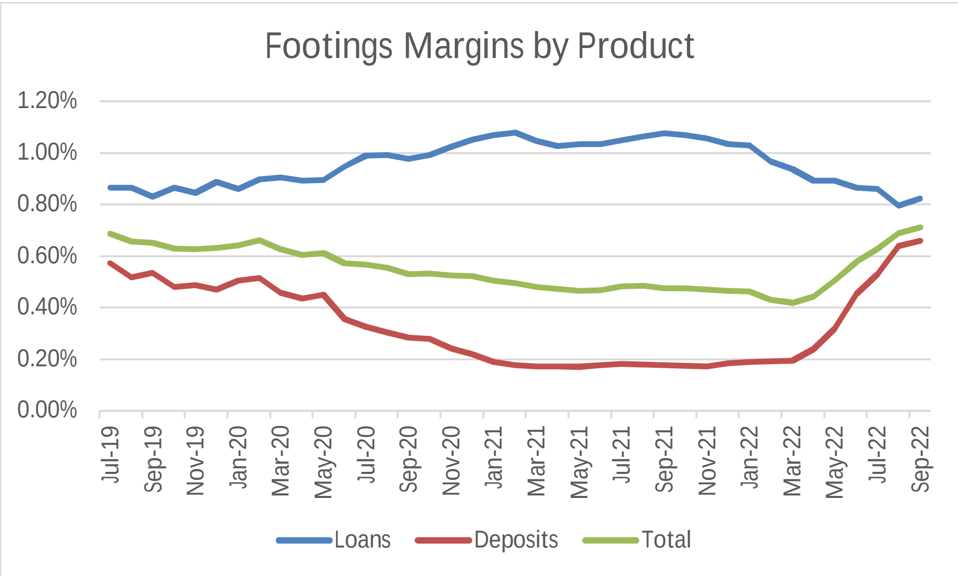
Below is the updated Footings and Margin graph I have previously presented to show how the branch has grown Footings and how margins have moved over the last 9 years.



Interest rates are cyclical and beyond our control and while we can't act to change them, we must run the business based on them. However, changing the cost base of the business to react to this takes time, involves additional risk and has its limits. The board sees the growth in Footings and an improvement in the balance of those Footings between our Loan and Deposit books as a key driver of results for the business which will protect the business and maximise returns through the interest rate cycle.

To this end we have succeeded in growing the Footings continuously but failed to address the balance despite concerted efforts to grow our loan book. The disruption in staff over the year and considerable time needed to train new staff has led to our Loan book going backwards during the year (-14.2%). The difficulty in finding a suitable lender to join the branch continues to be an issue that will limit our ability to grow the Loan book. Cost savings for the position gap are a short-term benefit, but unsustainable, and in the long term destructive to the value of the business.

The Footings Margins by Product graph below illustrates why a more balanced mix is important for stabilising the businesses revenue. It shows our margins on our Loan and Deposits as well as our Total business margin over the past 3 years plus the first quarter of the 2023 Financial Year.



Up to March 2022 our margins have dropped continuously, driven by the drop in Deposit margins and slightly offset by improved Loan margins (they tend to move in opposite directions but at different rates). While the increase in Loan margins didn't offset the drop in Deposit margins, if our Footings had been evenly weighted between the two then our Total Business margins would have dropped less.

The good news for shareholders and the business is that RBA rate increases since May have improved margins enormously, and we are currently receiving some of the best margins the business has ever experienced. Currently, having around two thirds of our Footings as Deposits is a positive because Deposit margins have risen far greater than Loan margins have fallen.

We will enjoy this favourable change in margins but not take it for granted, it is volatile. Balancing our Footings is as important as growing them for the business to do well through the interest rate cycle. Hence finding another staff member who can grow our loan business is critical. It will add to the cost base of the business, but the current staffing level is insufficient for growth and makes the branch highly vulnerable to staff absences or changes which are very costly long term.

Community engagement

The branch continues to support the community through the provision of banking services to local businesses, clubs, schools and residents. The branch also provides many other non-banking services to clubs and schools in the local area including use of the branch for fundraising, notices and collection points, as well as marquees and POS systems for events.

Furthermore, we support local clubs and schools with funding and sponsorship in return for their support and promotion of our branch. Spending on charitable donations and sponsorships this year was $8,352 and marketing principally with local suppliers was $5,913.

These were lower than the prior year and below what we planned to spend, but the disruption of having our entire branch team change over during the year prevented a lot of regular engagement. Also, the reduction in the Marketing Development Funding we receive from Bendigo and Adelaide Bank has reduced our financial capacity to fund locally, as we aim to manage this spending in line with the businesses capacity to absorb these costs and ability to utilise them to grow the business.

Our partnership

We are fortunate to have Bendigo and Adelaide Bank as our partner, the most trusted banking brand in Australia. We continue to work closely with them on ways to improve our customer experience and grow the business.

On a local level we have had a highly collaborative and supportive relationship with our Regional Manager, Alan Fardon and see this continuing with his replacement, Ruchir Pandey. Both Alan and Ruchir and numerous other staff in Bendigo and Adelaide Bank provide critical business support for daily operations and ad hoc operational services that we would either go without or cost more than the business could afford.

Shareholders

I am very happy to be able to deliver a profit this year and look forward to making it a regular occurrence. It has been a long journey for you all and the last three years have been particularly difficult to endure as the business has faced extremely challenging conditions.

The board is focused on providing you long term value and is always mindful that you have waited far too long to benefit from the business. We thank you for your support and patience.

The faster we grow the business, the more profitable it will be and the earlier we will be able to pay a dividend. Using the branch for your personal and business banking as well as encouraging others to do so helps us grow and will speed up our path to being able to issue dividends.

Outlook

We currently have the benefit of strong margins from interest rate rises and expect that to continue for much of the coming year, but we also expect to see changes in customer choice of products which impact our average margins. The RBA and global interest rate increases have returned margins to more normal levels, but it will be at the expense of slowing economies and reduced asset prices which reduce savings rates and loan values.

Hence growing Footings will prove challenging but we will be well rewarded if we can. We know we have the right manager in Nam for our branch to succeed but she needs another member of staff to move from maintaining Footings to growing Footings.

This year to date the branch has been quite profitable due to higher revenue from improving margins and lower costs due to the position vacancy. As a result, our overdraft is reducing quickly but it remains high at around $300,000 and is an obstacle we must overcome before we can start issuing dividends. We remain focused on overcoming this obstacle.

Conclusion

This year has seen a lot of change in our branch and plenty of disruption, but we ended it with a profit, increased Footings and a great team in the branch. Changes in interest rates since May have seen the end of three years of margin falls and they have rapidly returned to previous highs.

We start the new year with higher Footings, higher margins and lower costs of operating, a very profitable combination. This leaves us well placed to face the challenges ahead of us.

On behalf of the board and staff I would like to thank those of our shareholders who bank with us for your continued support and ask those that don't, to give the Community Bank in Berowra a go. You have invested in this business and your support as a customer and advocate of Community Bank Berowra & District Branch remains vital in ensuring our growing success.

This year's Annual General meeting will be held in person for the first time since COVID, so I look forward to seeing you in all then.

Details of this meeting are outlined in the Notice of Meeting posted to Shareholders.

I look forward to updating you further at the AGM.

Thomas Collins

Chairman

Branch Manager's Report

I have been with Berowra & District Community Bank for one year and have a greater appreciation for all our customers and shareholders along with the board and the branch staff who put their 100% effort in making sure that the branch is running smoothly even on days when we face a staff shortage.

Our main priority has been to provide service to our local communities and customers for their banking needs and support local communities by providing them sponsorships and grants. I'm proud to say that we have been successful in doing so.

We are overcoming the effects that COVID has left behind by keeping in touch with our Local communities and developing new relationships with local and surrounding businesses, including signing up for 'Home Loan Referees' in order to develop our Home Loan Book and general business.

I would like to take this opportunity to request all our shareholders and customers to think of us as their main bank for their banking needs and refer us their friends and families. Especially First Home Buyers as we are one of the participating financial institutions under Federal Gov initiative to assist first home buyers called First Home Guarantee (FHBG) previously known as First Home Loan Deposit Scheme (FHLDS).

Not only that, to meet your personal lending needs our variety of credit cards offer Rewards points, low interest rates and balance transfer options and secured and unsecured personal loans that have features next to none. Investment options we offer Term Deposit, Saving Accounts, Managed funds (Sandhurst) with competitive interest rates therefore I invite you all to come and talk to us and let us compare your existing Banking needs including Insurances and Wealth Planning. For your business banking needs we have dedicated Business Banking Manger to cater Business loans and equipment finance. This will not only help us develop our business for the benefit of shareholders but will also help us help local communities more effectively.

Our CSOs Sue and Sara are now fully trained and capable of taking various jobs onboard. I would like to congratulate them on their achievements and thank them for being a huge support system.

I would also like to thank our Board who work voluntarily and provide their selfless support when needed the most.

Thanking you,

Nam Kaushal

Branch Manager

Community Bank Report 2022
BEN Message

July 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

Berowra & District Financial Services Limited

ABN 62 116 755 938

Financial Report - 30 June 2022

Berowra & District Financial Services Limited
Directors' report
30 June 2022

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

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

Name:	Thomas Zachary Collins
Title:	Chair
Experience and expertise:	Thomas is self-employed and currently running a private investment business, following a 20 year career in accounting and management with companies including Price Waterhouse Coopers, Volvo, Pacific Brands, Coleman Brands, and finally as Finance Director for Australia and New Zealand, first for Pure Fishing Australia and then for Jarden Australia, a subsidiary of a Fortune 500 NYSX listed company. Thomas is a chartered accountant by profession. He has continually worked with or as part of company executive management, initially as a member of the Institute of Chartered Accountants in Australia, and more recently as a member of the Chartered Institute of Management Accountants. He has lived in Mt Ku-ring-gai for over 15 years and supported the community, serving in the Mt Ku-ring-gai RFS Brigade, managed and coached for the Mt Colah Colts Football Club and his children attend Mt Ku-ring-gai Public School.
Special responsibilities:	Chairman and Treasurer

Name:	Bruce John Waterhouse
Title:	Non-executive director
Experience and expertise:	Bruce is now retired but worked in the financial industry for 32 years, followed by 10 years in sports administration. He has been employed by Royal Agricultural Society of NSW on a casual basis for 42 years. He has been involved in football as a player, coach and official for almost 60 years. He is a life member of Berowra Football Club as well as Lindfield Football Club and Northern Suburbs Football Association.
Special responsibilities:	Audit & Finance Committee

Name:	Gregory Stephen Steptoe
Title:	Non-executive director
Experience and expertise:	Gregory is a retired Public Service Administrator, a qualified Justice of the Peace, and a life member and past Treasurer of the Berowra Football Club.
Special responsibilities:	Assistant to Treasurer

Name:	Robert Jan Wawrzyniak
Title:	Non-executive director
Experience and expertise:	Robert is now retired and has over 40 years experience in Banking and Finance and has held Senior Executive roles with both retail and institutional banks. Robert has been a member of the NSW Rural Fire Service for over 10 years and is currently an Officer with the Hornsby Heights Brigade. Robert hold a Bachelor of Commerce, MBA, CPA, FFIN.
Special responsibilities:	Risk Committee

Name:	Stephen John Pead
Title:	Non-executive director
Experience and expertise:	Stephen's background is in media where has worked for more than 40 years as a Media Sales Trainer and Coach – starting out as an announcer in Newcastle he has worked in a variety of roles in multiple markets including Townsville, Melbourne, Canberra, Auckland and finally in Sydney. In 2009 he started his own media consultancy Sales Solutions. The company works with Radio, Newspaper and Television groups to help them grow their advertising revenue. His clients are in Australia, New Zealand, South Africa, Kenya and India and include many well-known brands such as Australian Community Media, Times of India Group and News Corporation. Most recently he has consulted to the Asian Broadcasting Union based in Malaysia, training their members who are based in Asia and the sub-continent. Stephen is an author and blogger on media websites and regularly speaks to community groups such as Probus on his career and global travel experiences.
Special responsibilities:	Lead member of HR Committee and Business & Community Committee

Name:	Stephen Hitchcock
Title:	Non-executive director (appointed 26 July 2022)
Experience and expertise:	Steve has spent his entire career in financial services, predominantly in the life insurance industry. His experience includes actuarial, marketing, product management, underwriting, claims, compliance and risk management. Steve attained General Manager and Chief Operating Officer roles at TAL, InsuranceLine and NobleOak. Over the last 10 years, Steve has successfully run his own management consultancy business. He is a qualified actuary, certified compliance professional and member of the Australian Institute of Company Directors.
Special responsibilities:	Nil

Name:	Saurabh Bhatnagar
Title:	Non-executive director (resigned 31 May 2022)
Experience and expertise:	Saurabh works as a Financial Services Consultant and brings to the board over 24 years' experience as a Senior and State Manager in the banking industry gained in Australia, United Kingdom and the Middle East. This experience includes corporate banking, risk management and team management. He holds a Bachelor of Economics, Master of Business Finance and MBA. He is a member of the Australian Institute of Company Directors. Saurabh has held positions with Commonwealth Bank, HSBC, Bank of Western Australia and ANZ.
Special responsibilities:	Nil

Company secretary
The Company secretary is Ian Greentree. Ian was appointed to the position of Company secretary on 26 March 2019.

Experience and expertise:	Ian has a Diploma in Law, admitted as a Solicitor to the Supreme Court of NSW, Associate Diploma in Accounting, member of Institute of Public Accountants, Retired Member of Governance Institute of Australia and previously held the position of assistant Company Secretary of Advance Bank Australia Limited.

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

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

Review of operations
The profit for the company after providing for income tax amounted to $62,784 (30 June 2021: loss of $82,530).

Operations have continued to perform in line with expectations.

Berowra & District Financial Services Limited
Directors' report
30 June 2022

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

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

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

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

Meetings of directors
The number of directors' meetings attended by each of the directors' of the company during the financial year were:

	Board	
	Eligible	Attended
Thomas Zachary Collins	12	12
Bruce John Waterhouse	12	9
Gregory Stephen Steptoe	12	11
Robert Jan Wawrzyniak	12	12
Stephen John Pead	12	12
Stephen Hitchcock	-	-
Saurabh Bhatnagar	11	10

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

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Thomas Zachary Collins	-	-	-
Bruce John Waterhouse	-	-	-
Gregory Stephen Steptoe	-	-	-
Robert Jan Wawrzyniak	-	-	-
Stephen John Pead	-	-	-
Stephen Hitchcock	-	-	-
Saurabh Bhatnagar	-	-	-

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

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

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

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

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

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

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

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

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

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

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

On behalf of the directors

Thomas Zachary Collins
Chair

9 September 2022

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 Berowra & District Financial Services Limited

As lead auditor for the audit of Berowra & District Financial Services Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 9 September 2022

Adrian Downing
Lead Auditor

Berowra & District Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	548,173	560,673
Other revenue	7	17,593	61,287
Employee benefits expense	8	(269,291)	(453,460)
Advertising and marketing costs		(5,913)	(7,533)
Occupancy and associated costs		(22,833)	(20,450)
System costs		(16,157)	(20,318)
Depreciation and amortisation expense	8	(73,868)	(93,813)
Finance costs	8	(26,596)	(36,572)
General administration expenses		(58,959)	(81,512)
Profit/(loss) before community contributions and income tax (expense)/benefit		92,149	(91,698)
Charitable donations and sponsorships expense		(8,352)	(16,895)
Profit/(loss) before income tax (expense)/benefit		83,797	(108,593)
Income tax (expense)/benefit	9	(21,013)	26,063
Profit/(loss) after income tax (expense)/benefit for the year	21	62,784	(82,530)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		62,784	(82,530)
		Cents	**Cents**
Basic earnings per share	28	8.27	(10.87)
Diluted earnings per share	28	8.27	(10.87)

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

Berowra & District Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	655	-
Trade and other receivables	11	60,284	51,340
Total current assets		60,939	51,340
Non-current assets			
Property, plant and equipment	12	85,522	103,516
Right-of-use assets	13	178,179	240,644
Intangibles	14	58,427	3,131
Deferred tax assets	9	320,237	341,250
Total non-current assets		642,365	688,541
Total assets		703,304	739,881
Liabilities			
Current liabilities			
Trade and other payables	15	59,023	41,114
Borrowings	16	361,654	462,901
Lease liabilities	17	66,677	63,274
Employee benefits	18	11,172	15,553
Total current liabilities		498,526	582,842
Non-current liabilities			
Trade and other payables	15	60,663	-
Lease liabilities	17	237,293	312,921
Employee benefits	18	37	1,858
Provisions	19	37,306	35,565
Total non-current liabilities		335,299	350,344
Total liabilities		833,825	933,186
Net liabilities		(130,521)	(193,305)
Equity			
Issued capital	20	728,537	728,537
Accumulated losses	21	(859,058)	(921,842)
Total deficiency in equity		(130,521)	(193,305)

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

Berowra & District Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020		728,537	(839,312)	(110,775)
Profit after income tax expense		-	(82,530)	(82,530)
Balance at 30 June 2021		728,537	(921,842)	(193,305)
Balance at 1 July 2021		728,537	(921,842)	(193,305)
Profit after income tax expense		-	62,784	62,784
Balance at 30 June 2022		728,537	(859,058)	(130,521)

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

Berowra & District Financial Services Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		606,248	686,750
Payments to suppliers and employees (inclusive of GST)		(429,509)	(685,481)
		176,739	1,269
Interest and other finance costs paid		(8,308)	(8,148)
Net cash provided by/(used in) operating activities	27	168,431	(6,879)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,136)	-
Payments for intangibles		-	(14,421)
Proceeds from disposal of property, plant and equipment		2,593	-
Net cash provided by/(used in) investing activities		457	(14,421)
Cash flows from financing activities			
Repayment of lease liabilities	17	(66,986)	(125,463)
Net cash used in financing activities		(66,986)	(125,463)
Net increase/(decrease) in cash and cash equivalents		101,902	(146,763)
Cash and cash equivalents at the beginning of the financial year		(462,901)	(316,138)
Cash and cash equivalents at the end of the financial year	10	(360,999)	(462,901)

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

Note 1. Reporting entity

The financial statements cover Berowra & District Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 1C Turner Road, Berowra Heights NSW 2082.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

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

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

	2022 $	2021 $	Change $	Change %
Current assets	60,939	51,340	9,599	19%
Current liabilities	(498,526)	(582,842)	84,316	(14%)
Working capital (deficiency)	(437,587)	(531,502)	93,915	(18%)

	2022 $	2021 $	Change $	Change %
Total assets	703,304	739,881	(36,577)	(5%)
Total liabilities	(833,825)	(933,186)	99,361	(11%)
Net assets/(liabilities)	(130,521)	(193,305)	62,784	(32%)
Accumulated losses	(859,058)	(921,842)	62,784	(7%)
Profit/(loss) before tax	83,797	(108,593)	192,390	(177%)
Profit/(loss) after tax	62,784	(82,530)	145,314	(176%)
Total comprehensive income	62,784	(82,530)	145,314	(176%)
Operating cash inflows (outflows)	168,431	(6,879)	175,310	(2548%)
Cash and cash equivalents	655	-	655	-

The company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of $550,000 and was drawn to $361,654 as at 30 June 2022.

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

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

The current economic environment is difficult and while revenue has declined the company has reported an operating profit before tax. The directors' consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The company has also obtained an undertaking of support from Bendigo Bank that it will continue to support the company and its operations for the next 12 months. This support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo Bank to further develop its business.

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

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

Income tax
The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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

Going concern
At each reporting date management must asses the company's ability to continue as a going concern are appropriate. Management's decision will be underpinned by assumptions and judgements about future events.

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

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

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

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

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

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

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

Note 5. Economic dependency

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

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

Note 5. Economic dependency (continued)

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

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2022 $	**2021 $**
Margin income	485,590	506,550
Fee income	41,060	42,981
Commission income	21,523	11,142
Revenue from contracts with customers	548,173	560,673

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Net gain on disposal of property, plant and equipment	2,593	-
Market development fund	15,000	25,625
Cash flow boost	-	35,662
Other revenue	17,593	61,287

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Gain on 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.

All revenue is stated net of the amount of GST.

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

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

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

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	17,377	6,645
Plant and equipment	2,753	2,397
	20,130	9,042
Depreciation of right-of-use assets		
Leased land and buildings	43,399	71,340
Amortisation of intangible assets		
Franchise fee	2,134	2,238
Franchise renewal fee	8,205	11,193
	10,339	13,431
	73,868	93,813

Finance costs

	2022 $	2021 $
Bank overdraft interest paid or accrued	8,308	8,148
Lease interest expense	16,547	26,764
Unwinding of make-good provision	1,741	1,660
	26,596	36,572

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	236,278	412,208
Non-cash benefits	380	2,995
Superannuation contributions	22,617	34,726
Expenses related to long service leave	(1,821)	(18,827)
Other expenses	11,837	22,358
	269,291	453,460

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	6,334	7,692

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense/(benefit)		
Future income tax benefit attributable to losses	-	(43,805)
Movement in deferred tax	2,006	6,681
Reduction in company tax rate	-	13,650
Adjustment recognised for prior periods	-	(2,589)
Recoupment of prior year tax losses	19,007	-
Aggregate income tax expense/(benefit)	21,013	(26,063)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	83,797	(108,593)
Tax at the statutory tax rate of 25% (2021: 26%)	20,949	(28,234)
Tax effect of:		
Non-deductible expenses	64	382
Reduction in company tax rate	-	13,650
Other assessable income	-	(9,272)
Changes in estimates related to prior years	-	(2,589)
Income tax expense/(benefit)	21,013	(26,063)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Tax losses	279,462	298,470
Provision for lease make good	9,327	8,892
Lease liabilities	75,993	94,049
Right-of-use assets	(44,545)	(60,161)
Deferred tax asset	320,237	341,250

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

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

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

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

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

Note 9. Income tax (continued)

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash on hand	522	-
Cash at bank and on hand	133	-
	655	-

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2022 $	2021 $
Balances as above	655	-
Bank overdraft (note 16)	(361,654)	(462,901)
Balance as per statement of cash flows	(360,999)	(462,901)

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	54,055	45,120
Prepayments	6,229	6,220
	60,284	51,340

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	197,741	197,741
Less: Accumulated depreciation	(126,780)	(109,403)
	70,961	88,338
Plant and equipment - at cost	77,277	75,141
Less: Accumulated depreciation	(62,716)	(59,963)
	14,561	15,178
Motor vehicles - at cost	-	22,976
Less: Accumulated depreciation	-	(22,976)
	-	-
	85,522	103,516

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2020	94,983	17,575	112,558
Depreciation	(6,645)	(2,397)	(9,042)
Balance at 30 June 2021	88,338	15,178	103,516
Additions	-	2,136	2,136
Depreciation	(17,377)	(2,753)	(20,130)
Balance at 30 June 2022	70,961	14,561	85,522

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

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

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

Leasehold improvements	5 to 20 years
Plant and equipment	5 to 40 years
Motor vehicles	8 years

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

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

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

Note 12. Property, plant and equipment (continued)

Change in estimates
The company's review of estimates resulted in change in the useful life of some of the branches leasehold improvements. The useful life's had previously been assessed as 40 years from their respective depreciation commencement dates which resulted in useful life end dates ranging from 2046 to 2048. These have now been aligned with the branch lease terms which has accelerated depreciation. The revised useful life end dates are now 2026. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 $	2023 $	2024 $	2025 $	2026+ $
(Decrease) increase in depreciation expense	11,055	11,055	11,055	11,055	(44,220)

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	1,032,468	1,051,534
Less: Accumulated depreciation	(854,289)	(810,890)
	178,179	240,644

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

	Land and buildings $	Total $
Balance at 1 July 2020	516,290	516,290
Remeasurement adjustments	(204,306)	(204,306)
Depreciation expense	(71,340)	(71,340)
Balance at 30 June 2021	240,644	240,644
Remeasurement adjustments	(19,066)	(19,066)
Depreciation expense	(43,399)	(43,399)
Balance at 30 June 2022	178,179	178,179

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

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

Refer to note 17 for more information on lease arrangements.

Note 14. Intangibles

	2022 $	2021 $
Franchise fee	43,685	32,746
Less: Accumulated amortisation	(34,384)	(32,250)
	9,301	496
Franchise renewal fee	168,425	113,729
Less: Accumulated amortisation	(119,299)	(111,094)
	49,126	2,635
	58,427	3,131

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	2,734	13,828	16,562
Amortisation expense	(2,238)	(11,193)	(13,431)
Balance at 30 June 2021	496	2,635	3,131
Additions	10,939	54,696	65,635
Amortisation expense	(2,134)	(8,205)	(10,339)
Balance at 30 June 2022	9,301	49,126	58,427

Additions
During the financial year, Berowra franchise fee was renewed. The franchise fee is to be amortised over five years to September 2026.

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	September 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2026

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

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

Note 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	220	445
Other payables and accruals	58,803	40,669
	59,023	41,114

	2022 $	2021 $
Non-current liabilities		
Other payables and accruals	60,663	-

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

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

Note 16. Borrowings

	2022 $	2021 $
Current liabilities		
Bank overdraft	361,654	462,901

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2022 $	2021 $
Total facilities		
Bank overdraft	550,000	550,000
Used at the reporting date		
Bank overdraft	361,654	462,901
Unused at the reporting date		
Bank overdraft	188,346	87,099

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

Note 17. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	80,156	80,156
Unexpired interest	(13,479)	(16,882)
	66,677	63,274
Non-current liabilities		
Land and buildings lease liabilities	257,035	346,807
Unexpired interest	(19,742)	(33,886)
	237,293	312,921

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	376,195	679,200
Remeasurement adjustments	(21,786)	(204,306)
Lease interest expense	16,547	26,764
Lease payments - total cash outflow	(66,986)	(125,463)
	303,970	376,195

Maturity analysis

	2022 $	2021 $
Not later than 12 months	80,156	80,156
Between 12 months and 5 years	257,035	332,155
Greater than 5 years	-	14,652
	337,191	426,963

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

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

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

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

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

Note 17. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Berowra branch	The lease agreement commenced in September 2011. An 18 month renewal option was exercised in March 2021 and then a 2 year renewal option was exercised beginning September 2022. The company has 1 x 2 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is September 2026. The discount rate used in calculations is 4.79%.

Note 18. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	11,172	15,553
Non-current liabilities		
Long service leave	37	1,858

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

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

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

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

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

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

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

Note 19. Provisions

	2022 $	2021 $
Lease make good	37,306	35,565

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $45,527 for the Berowra Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire September 2026 at which time it is expected the face-value costs to restore the premises will fall due.

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

Note 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	759,351	759,351	759,351	759,351
Less: Equity raising costs	-	-	(30,814)	(30,814)
	759,351	759,351	728,537	728,537

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

Rights attached to issued capital

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

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

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

Note 20. Issued capital (continued)

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

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

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

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

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

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

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

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

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

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

Note 21. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(921,842)	(839,312)
Profit/(loss) after income tax (expense)/benefit for the year	62,784	(82,530)
Accumulated losses at the end of the financial year	(859,058)	(921,842)

Note 22. Capital management

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

Note 22. Capital management (continued)

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

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

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

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

Note 23. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	54,055	45,120
Cash and cash equivalents	655	-
	54,710	45,120
Financial liabilities		
Trade and other payables	119,686	41,114
Lease liabilities	303,970	376,195
Bank overdrafts	361,654	462,901
	785,310	880,210

Accounting policy for financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings and lease liabilities.

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

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

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

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

Note 23. Financial instruments (continued)

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

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

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

The company held cash and cash equivalents of $655 at 30 June 2022 (2021: $nil). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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

	2022		2021	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank overdraft	2.23%	361,654	2.04%	462,901
Net exposure to cash flow interest rate risk		361,654		462,901

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

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2022 $	2021 $
Bank overdraft	188,346	87,099

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

Note 23. Financial instruments (continued)

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank overdraft	361,654	-	-	361,654
Trade and other payables	59,023	60,663	-	119,686
Lease liabilities	80,156	257,035	-	337,191
Total non-derivatives	500,833	317,698	-	818,531

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank overdraft	462,901	-	-	462,901
Trade and other payables	41,114	-	-	41,114
Lease liabilities	80,156	332,155	14,652	426,963
Total non-derivatives	584,171	332,155	14,652	930,978

Note 24. Key management personnel disclosures

The following persons were directors of Berowra & District Financial Services Limited during the financial year:

Thomas Zachary Collins
Bruce John Waterhouse
Gregory Stephen Steptoe
Robert Wawrzyniak
Stephen John Pead
Saurabh Bhatnagar

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

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

Note 25. Related party transactions

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

Note 26. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
General advisory services	3,090	2,900
Share registry services	2,000	1,900
	5,090	4,800
	10,290	9,800

Note 27. Reconciliation of profit/(loss) after income tax to net cash provided by/(used in) operating activities

	2022 $	2021 $
Profit/(loss) after income tax (expense)/benefit for the year	62,784	(82,530)
Adjustments for:		
Depreciation and amortisation	73,868	93,813
Net gain on disposal of non-current assets	(2,593)	-
Lease liabilities interest	16,547	26,764
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(8,944)	1,500
Decrease/(increase) in deferred tax assets	21,013	(26,062)
Increase in other operating assets	(2,720)	-
Increase in trade and other payables	12,937	15,991
Decrease in employee benefits	(6,202)	(38,015)
Increase in other provisions	1,741	1,660
Net cash provided by/(used in) operating activities	168,431	(6,879)

Note 28. Earnings per share

	2022 $	2021 $
Profit/(loss) after income tax	62,784	(82,530)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	759,351	759,351
Weighted average number of ordinary shares used in calculating diluted earnings per share	759,351	759,351
	Cents	**Cents**
Basic earnings per share	8.27	(10.87)
Diluted earnings per share	8.27	(10.87)

Note 28. Earnings per share (continued)

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Berowra & District Financial Services Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

Berowra & District Financial Services Limited
Directors' declaration
30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Thomas Zachary Collins
Chair

9 September 2022

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Berowra & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that while revenue has declined the company has recorded its first operating profit before tax of $83,797, which was mainly attributed to the reduction of expenditure. Also as at 30 June 2022, the company had a net working capital deficiency of $437,587, where its current liabilities exceeded its current assets. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 9 September 2022

Adrian Downing
Lead Auditor

Branch Details

Community Bank Berowra & District not only gives you access to award-winning financial products and services, we're also committed to returning profits to our local communities.

Address:

1C Turner Rd
Berowra Heights
NSW 2082

Ph: (02) 9456 2265
Fax: (02) 9456 2342

Operating Hours:

Mon-Fri 09:30-16:00

BSB: 633-000

Services:

ATM (can change PIN)

Follow us:

Community Bank · Berowra & District
Shop 9, 1C Turner Road,
Berowra Heights NSW 2082
Phone: 9456 2265
Email: berowra@bendigoadelaide.com.au
Web: bendigobank.com.au/berowra

Franchisee: Berowra & District Financial Services Limited
ABN: 62 116 755 938
Shop 9, Berowra Village, 1C Turner Road,
Berowra Heights NSW 2082
Phone: 9456 2265
Email: berowra@bendigoadelaide.com.au

Share Registry:
AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 5443 0344
Fax: 5443 5304
Email: shareregistry@afsbendigo.com.au

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Bendigo Bank