Annual Report 2022

Break O'Day Community Financial Services Limited

Community Bank
St Helens-St Marys

ABN 63 614 142 853

Contents

Chairman's report

For year ending 30 June 2022

It is no secret that the banking industry has been tough going over the past three years and Community Bank St Helens-St Marys has had to work exceptionally hard to weather the storm. We have reduced costs where possible, including reducing staff numbers and cutting back trading from four days to three days per week. These cost-saving measures have been well received in our community with no adverse feed-back. It is a credit to our staff, and particularly to our Senior Branch Manager, Suzanne Turner, that we have come through this period with annual increases in our business.

Importantly, we continue to provide financial support to our community. Since incorporation we have provided over $82,000 to our community in the form of grants and sponsorship. Each year we provide a bursary to a graduating student at both St Marys and St Helens District High Schools to help the student in their further education. The St Marys bursary payment is funded on a 50/50 basis with Freycinet Coast Financial Services Limited (Community Bank Swansea and Bicheno). The bursary recipients this year were Chloe Pallier at St Helens and Chelsea Jackson at St Marys. We look forward to seeing their future progress. In addition to these community benefits we also provide financial support to our community in the form of wages, rental, vehicle running costs and other operational costs. Community Bank St Helens-St Marys is an integral and valuable contributor to our region's economy.

The recent increases in interest rates have helped to consolidate our financial position and the future is now looking much rosier. It had been necessary to establish an overdraft facility this year to help to cover running costs however, with the benefit of our afore-mentioned cost savings together with the interest rate increases, we expect to have the overdraft cleared in the next six months and our strengthening financial position has created an expectation that we will be in profit this financial year.

The resource sharing arrangement that we have in place with Freycinet Coast Financial Services Limited (Community Bank Swansea and Bicheno) remains robust. Currently we share the resourcing of our Senior Branch Manager and our Customer Relationship Manager (Lender) and we continue to investigate other ways to strengthen our relationship.

I remind our shareholders that our Board members work tirelessly for Community Bank St Helens-St Marys in a voluntary capacity. They are a credit to our community and I thank them for their dedication and good work. I especially wish to thank two of our Board members, Chris Triebe and Annie Maney. Chris has been our Company Secretary since incorporation, and, for a long period prior to that he was the Secretary for our steering committee. Annie has also been a steering committee member and has served as our Marketing Committee Chair. Chris and Annie have both resigned from the Board and they will be sorely missed. I also wish to thank Board members Lee Bedford and Sheridan van Asch for their contributions. Lee and Sheridan joined the Board in November 2021 and have recently resigned from the Board.

In closing I thank our dedicated and hard-working staff for their efforts this year. It has been a tumultuous year for staff due to the introduced cost saving measures and closures brought about due to COVID-19. Special thanks to our Senior Branch Manager, Suzanne Turner, and our Regional Manager, Martyn Neville, for keeping us on track and for their thoroughly professional approach to their work.

Andrew MacGregor
Chair

Manager's report

For year ending 30 June 2022

The 2021-22 financial year saw us complete our fourth year of operation and I am pleased to report that our business continues to grow each year. Our total business now stands at over $59 million, which represents a growth of 20% for the 12 months to 30 June 2022. This is made up of 71% deposit accounts and 29% of lending – a ratio that ideally should be 50:50. Record low interest rates have again impacted our revenue and hence our profitability. Changing rates should have a positive impact on income.

The community support to date has seen us return profits back into the community in excess of $82,000. Our potential is however far greater than this, and I encourage our shareholders and customers to continue to be advocates for us. As 'your' Community Bank we require support across all facets of banking to be sustainable into the future, this includes lending. To date it has been disappointing that only a very small percentage of our community bank with us, when four years ago, so many pledged their support.

To have a Bank in a regional town is a privilege and is seen as paramount to a town's future. We all need to be held responsible for its long-term success. Of course, with the Community Bank model, there is also the direct benefit to our community as 100% of our profits are retained in our community with up to 20% being paid as dividends to local shareholders and a minimum of 80% delivered back to the community by way of grants and sponsorships.

Our team has weathered some changes this year, with our trading days being reduced from four to three days. This change came about as a direct result of a detailed review of transactions and evolving customer behaviour over the past 12 months. These changes are never easy, and I would like to take this opportunity to thank Tom, Pam and Lisa for the grace in which they accepted these changes. We are all very lucky to have their dedication to Community Bank St Helens-St Marys.

On a positive, these changes still allow us to maintain a full-service banking operation in the town with onsite staff and lenders to helping you with your full range of banking needs and access to a range of specialists in Business and Rural Banking.

The next 12 months will be challenging with interest rates on the rise for the first time in many years. However, Bendigo Bank are competitive in the market and will be focused on attracting new customers. We are lucky to partner with Bendigo and Adelaide Bank, who has been voted as having Australia's Most Satisfied Home Loan Customers. In 2022 Roy Morgan again confirmed that Bendigo and Adelaide Bank gained two awards being in the top 15 Most Trust Brands in Australia and the most Trusted Bank. I am proud to confirm that on a local level our strength too is in taking care of our customers always, not just when attracting new customers.

Thank you to the Board for their support and guidance over the last twelve months. They give freely of their own time, often doing a thankless job for the benefit of the community.

To Martyn Neville, our Regional Manager I would like to thank you for your continued support throughout the year, it has been a pleasure working with you. It is your contribution to the success of Community Bank St Helens-St Marys which ensures that the value of our partnership with Bendigo and Adelaide Bank is maximised.

Finally, to our customers and shareholders, I thank you for your support. I trust that our personal service and commitment to the community will ensure the continued future success of Community Bank St Helens-St Marys.

Suzanne Turner
Senior Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Name:	Andrew Donald MacGregor OAM
Title:	Chairman, Director
Experience and expertise:	Andrew is a retired Surveyor. Experienced throughout Tasmania as a Registered Land Surveyor, Certified Practising Planner, Property Development Consultant and Project Facilitator. Andrew has served as local government Councillor and Warden, as well as Director of several private companies. As a Life Member of St Helens and Districts Chamber of Commerce, past Chair of the Break O'Day Business Enterprise Board, past Chair of Medea Park Residential Care and a Board Member of the Tasmanian Community Fund. Andrew is passionate about developing economic opportunity for all in our community and views the Community Bank branch as a key part of this process. In 2022 he received an Order of Australia medal for services to the Community.
Special responsibilities:	HR Committee, Property Committee

Name:	David Edward Llewellyn AM
Title:	Deputy Chairman, Director
Experience and expertise:	David is a Viticulturist. David is the Owner/Manager of Priory Ridge Wines, a successful business in St Helens. As a former politician for 28 years, he served more than 14 years as a Cabinet Minister in previous Tasmanian Governments and for some time held the position of Deputy Premier. David is a member of the Diocesan Board of Trustees for the Anglican Church in Tasmania and a former Chairman of Anglicare Tasmania. David has a 26 year background in electronic engineering as a senior Technical Officer and Operations Manager. In 2012 he was made a Member of the Order of Australia for services to the Tasmanian Parliament and to charity.
Special responsibilities:	Deputy Chairman, Property Committee, Governance and Audit Committee

Name:	Roger William Harrison Harlow
Title:	Director
Experience and expertise:	Roger is a Retired Teacher and Scientist. Trained at University of Adelaide (BSc Hons PhD) 1966-1975, Lecturer in wine science at Roseworthy Agricultural College SA, (1974-75) Senior Research Officer, immunology at Dept of Medicine, University of Tasmania,(1976-80) secondary and senior secondary Maths Science teaching with Dept of Education Tasmania (1983-2008, Scottsdale, St Marys, St Helens). Now retired, work as a hobby farmer and beekeeper. Community service roles as Treasurer of Portland Council, Director and Treasurer for Break O'Day Health Resource Association Inc (1995- 2005), Director and Vice Chair Medea Park Association Inc (Aged Care, 1992-to present), Member Steering Committee, St Helens-St Marys Community Bank (2016-2018), Director & Treasurer, Break O'Day CFSL.
Special responsibilities:	Treasurer, Secretary

Name:	Sandra Maree Lohrey
Title:	Director
Experience and expertise:	Sandra is a Retail Assistant. Sandra was born and raised in St Helens and is now employed here in the retail sector. She has experience as a small business operator in her role as a Nutrimetics sales consultant. As Team Captain and participant in the Cancer Council's Relay for Life. Sandra is a capable organiser. She has coordinated the work of the Steering Committee as Secretary and her extensive local connections and relationships will be strong assets in the Board's community development for the Bank.
Special responsibilities:	HR Committee

Name:	Stephen John Walley
Title:	Director
Experience and expertise:	Stephen is an Educational Consultant/Coach. A distinguished teaching career saw Stephen achieve Principalship of St Helens, St Marys and Prospect High Schools. He currently offers Educational Leadership and Coaching as a private consultant. Stephen continues to support young people and his community commitment shines in his Life Membership of St Helens Football Club and continuing involvement in a range of other community committees. Building community connections is a key success factor for the Community Bank and the Board values Stephen's extensive skills in this area.
Special responsibilities:	HR Committee, Marketing and Sponsorship Committee

Name:	Garry Colin Pannan
Title:	Director
Experience and expertise:	Garry is presently a real estate agent Garry has owned and operated businesses for the last 20 years, currently has 6 employees. Bringing to the board a background in sales, marketing, bookkeeping and running small businesses. On the board of Break O'Day Chamber of commerce and former board member of East Coast Tourism.
Special responsibilities:	Marketing and Sponsorship Committee

Name:	Stephen Lee Bedford
Title:	Director (appointed 15 November 2021, resigned 28 July 2022)
Experience and expertise:	A Professional Engineer and Senior Executive with a proven track record in management of Operations, Asset Management, PMO, and Value creation.
Special responsibilities:	Marketing and Sponsorship Committee.

Name:	Sheridan Lee Van Asch
Title:	Director (appointed 15 November 2021, resigned 25 July 2022)
Experience and expertise:	Sheridan has over 15 years' experience working with various industries, governments, and community organisations, providing strategic policy, business and funding advice. She has managed employment and training projects locally, nationally and internationally. Her in-depth knowledge of government processes, policy development, business development and capacity to develop commercial and government networks has enabled her to successfully work with NFP, Indigenous organisations, as well as the corporate and government sectors.
Special responsibilities:	Secretary, Marketing and Sponsorship Committee.

Name:	Annette Elizabeth Maney
Title:	Director (resigned 27 July 2022)
Experience and expertise:	Annette is a Retail Assistant. Annette's deep understanding of the banking sector came through roles in retail banking for two different major banks, customer service and branch administration, staff supervision and training, as well as regional management. She has developed product promotion and sales skills developed through her successful retail business, featuring international mail order. Annette brings good communication and negotiation skills to the Board and sees the Community Bank as a great vehicle to both serve and develop the community.
Special responsibilities:	HR Committee, Marketing and Sponsorship Committee

Name:	Christopher Frederick Triebe
Title:	Director (resigned 9 February 2022)
Experience and expertise:	Christopher is a Town Planner/Self employed. After a career in the RAAF, Chris managed a sailing holiday business in Greece and on return to Australia, gained a Bachelor of Business (Hons) at Australian Maritime College, specialising in Customer Relationship Management in Australian Seaports. At Break O'Day Council he completed a Grad. Dip. in Urban and Environmental Planning. Over the past 10 years, Chis has been the local Officer in Charge of the Australian Electoral Commission, a member of RSLA and the RAAF Association. A previous volunteer of the St Helens Fire Brigade, Chris is also a keen member of the St Helens Golf Club and previous Secretary. His energy and enthusiasm for the Community Bank model will be a valued asset on the Board.
Special responsibilities:	Secretary, Governance and Audit Committee, Marketing and Sponsorship Committee

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

Company secretary
There have been three company secretaries holding the position during the financial year:

- Roger William Harrison Harlow was appointed acting company secretary 26 September 2022.
- Sheridan Lee Van Asch was appointed company secretary on 15 November 2021 and ceased on 25 July 2022.
- Christopher Frederick Triebe was appointed company secretary on 9 August 2016 and ceased on 9 February 2022.

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

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

Review of operations
The loss for the company after providing for income tax amounted to $42,657 (30 June 2021: $85,890).

Operations have continued to perform in line with expectations.

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

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

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

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

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

	Board		Sponsorship and Marketing Committee		Audit and Governance committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Andrew Donald MacGregor	11	10	-	-	10	9
David Edward Llewellyn	11	11	-	-	10	10
Roger William Harrison Harlow	11	10	-	-	10	9
Sandra Maree Lohrey	11	9	-	-	10	9
Annette Elizabeth Maney	11	11	11	11	10	10
Christopher Frederick Triebe	5	5	5	5	5	5
Stephen John Walley	11	10	11	11	10	10
Garry Colin Pannan	11	9	11	11	10	9
Stephen Lee Bedford	7	6	5	5	7	6
Sheridan Lee Van Asch	7	7	6	6	7	7

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
Andrew Donald MacGregor	21,015	-	21,015
David Edward Llewellyn	32,401	-	32,401
Roger William Harrison Harlow	4,272	-	4,272
Sandra Maree Lohrey	2,501	-	2,501
Annette Elizabeth Maney	5,203	-	5,203
Christopher Frederick Triebe	4,151	-	4,151
Stephen John Walley	5,001	-	5,001
Garry Colin Pannan	5,000	-	5,000
Stephen Lee Bedford	-	-	-
Sheridan Lee Van Asch	-	-	-

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 27 to the accounts.

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

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

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

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

On behalf of the directors

Roger William Harrison Harlow
Secretary

29 September 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Break O'Day Community Financial Services Ltd

As lead auditor for the audit of Break O'Day Community Financial Services Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 September 2022

Joshua Griffin
Lead Auditor

Financial statements

Break O'Day Community Financial Services Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	267,177	238,724
Other revenue	7	72,993	86,571
Finance revenue		12	45
Employee benefits expense	8	(206,704)	(230,793)
Advertising and marketing costs		(10,075)	(4,589)
Occupancy and associated costs		(8,771)	(12,483)
System costs		(15,974)	(18,348)
Depreciation and amortisation expense	8	(70,210)	(70,282)
Finance costs	8	(13,253)	(13,827)
General administration expenses		(59,406)	(66,500)
Loss before community contributions and income tax benefit		(44,211)	(91,482)
Charitable donations and sponsorships expense		(6,027)	(13,475)
Loss before income tax benefit		(50,238)	(104,957)
Income tax benefit	9	7,581	19,067
Loss after income tax benefit for the year	22	(42,657)	(85,890)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(42,657)	(85,890)
		Cents	**Cents**
Basic earnings per share	29	(5.61)	(11.29)
Diluted earnings per share	29	(5.61)	(11.29)

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

Break O'Day Community Financial Services Ltd
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	41,946	15,900
Trade and other receivables	11	38,477	30,599
Total current assets		80,423	46,499
Non-current assets			
Investment properties	14	8,291	23,538
Property, plant and equipment	12	133,575	151,611
Right-of-use assets	13	226,055	236,768
Intangibles	15	21,263	47,477
Deferred tax assets	9	145,929	138,348
Total non-current assets		535,113	597,742
Total assets		615,536	644,241
Liabilities			
Current liabilities			
Trade and other payables	16	39,200	35,817
Borrowings	17	41,147	10,599
Lease liabilities	18	27,554	22,361
Employee benefits	19	8,347	6,942
Total current liabilities		116,248	75,719
Non-current liabilities			
Lease liabilities	18	246,431	274,027
Employee benefits	19	3,008	2,125
Provisions	20	3,122	2,986
Total non-current liabilities		252,561	279,138
Total liabilities		368,809	354,857
Net assets		246,727	289,384
Equity			
Issued capital	21	724,372	724,372
Accumulated losses	22	(477,645)	(434,988)
Total equity		246,727	289,384

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

Break O'Day Community Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020	724,372	(349,098)	375,274
Profit after income tax expense	-	(85,890)	(85,890)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(85,890)	(85,890)
Balance at 30 June 2021	724,372	(434,988)	289,384

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021	724,372	(434,988)	289,384
Profit after income tax expense	-	(42,657)	(42,657)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(42,657)	(42,657)
Balance at 30 June 2022	724,372	(477,645)	246,727

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

Break O'Day Community Financial Services Ltd
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)		367,211	355,506
Payments to suppliers and employees (inclusive of GST)		(336,205)	(376,406)
		31,006	(20,900)
Interest received		12	45
Interest and other finance costs paid		(401)	(39)
Net cash provided by/(used in) operating activities	28	30,617	(20,894)
Net cash provided by investing activities		-	-
Cash flows from financing activities			
Repayment of lease liabilities	18	(35,119)	(35,167)
Net cash used in financing activities		(35,119)	(35,167)
Net decrease in cash and cash equivalents		(4,502)	(56,061)
Cash and cash equivalents at the beginning of the financial year		5,311	61,372
Cash and cash equivalents at the end of the financial year	10	809	5,311

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

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

The financial statements cover Break O'Day Community Financial Services Ltd (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 48 Cecilia Street, St Helens TAS 7216.

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 29 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	80,423	46,499	33,924	73%
Current liabilities	(116,248)	(75,719)	(40,529)	54%
Working capital (deficiency)	(35,825)	(29,220)	(6,605)	23%

	2022 $	2021 $	Change $	Change %
Total assets	615,536	644,241	(28,705)	(4%)
Total liabilities	(368,809)	(354,857)	(13,952)	4%
Net assets/(liabilities)	246,727	289,384	(42,657)	(15%)
Accumulated losses	(477,645)	(434,988)	(42,657)	10%
Profit/(loss) before tax	(50,238)	(104,957)	54,719	(52%)
Profit/(loss) after tax	(42,657)	(85,890)	43,233	(50%)
Total comprehensive income	(42,657)	(85,890)	43,233	(50%)
Operating cash inflows (outflows)	30,617	(20,894)	51,511	(247%)
Cash and cash equivalents	41,946	15,900	26,046	164%

The company meets its day to day working capital requirements through an overdraft facility and cash balances. The overdraft has an approved limit of $50,000 and was drawn to $41,137 as at 30 June 2022. The company also had a cash balance of $41,946 as at 30 June 2022.

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

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

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

The 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.

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

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

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

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

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

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

Note 5. Economic dependency

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

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

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

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

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

Note 5. Economic dependency (continued)

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	202,901	177,307
Fee income	27,612	21,948
Commission income	36,664	39,469
Revenue from contracts with customers	267,177	238,724

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.

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.

Note 6. Revenue from contracts with customers (continued)

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2022 **$**	**2021** **$**
Market development fund	37,500	38,333
Cash flow boost	-	8,661
Rental income	10,364	9,818
Other income	25,129	29,759
Other revenue	72,993	86,571

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.

Note 7. Other revenue (continued)

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Rental income	Rental income from right-of-use assets subleased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.

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	11,378	11,378
Plant and equipment	6,658	6,723
	18,036	18,101
Depreciation of right-of-use assets		
Leased land and buildings	21,986	21,992
Leased motor vehicles	3,974	3,974
	25,960	25,966
Amortisation of intangible assets		
Franchise fee	2,000	2,000
Franchise establishment fee	20,000	20,000
Other	4,214	4,215
	26,214	26,215
	70,210	70,282

Note 8. Expenses (continued)

Finance costs

	2022 $	2021 $
Lease interest expense	12,716	13,697
Unwinding of make-good provision	136	130
Other	401	-
	13,253	13,827

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	185,803	208,375
Superannuation contributions	15,741	16,396
Expenses related to long service leave	882	1,155
Other expenses	4,278	4,867
	206,704	230,793

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	5,758	5,956

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 benefit		
Movement in deferred tax	(5,783)	(2,953)
Reduction in company tax rate	-	5,534
Future income tax benefit attributable to losses	(1,798)	(21,648)
Aggregate income tax benefit	(7,581)	(19,067)
Prima facie income tax reconciliation		
Loss before income tax benefit	(50,238)	(104,957)
Tax at the statutory tax rate of 25% (2021: 26%)	(12,560)	(27,289)
Tax effect of:		
Non-deductible expenses	6,802	6,837
Reduction in company tax rate	-	5,534
Other assessable income	-	(2,252)
Other deductible expenses	(1,823)	(1,897)
Income tax benefit	(7,581)	(19,067)

Note 9. Income tax (continued)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	1,725	(2,779)
Employee benefits	2,839	2,267
Provision for lease make good	781	747
Accrued expenses	773	775
Lease liabilities	66,649	71,471
Right-of-use assets	(58,170)	(63,666)
Carried-forward tax losses	131,332	129,533
Deferred tax asset	145,929	138,348

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.

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	41,946	15,900

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	41,946	15,900
Bank overdraft (note 17)	(41,137)	(10,589)
Balance as per statement of cash flows	809	5,311

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position cash and cash equivalents comprise cash on hand and deposits held with banks. 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	29,786	22,811
Other receivables and accruals	1,615	1,706
Prepayments	7,076	6,082
	8,691	7,788
	38,477	30,599

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	166,414	166,414
Less: Accumulated depreciation	(48,417)	(37,039)
	117,997	129,375
Plant and equipment - at cost	44,395	44,395
Less: Accumulated depreciation	(28,817)	(22,159)
	15,578	22,236
	133,575	151,611

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	140,753	28,959	169,712
Depreciation	(11,378)	(6,723)	(18,101)
Balance at 30 June 2021	129,375	22,236	151,611
Depreciation	(11,378)	(6,658)	(18,036)
Balance at 30 June 2022	117,997	15,578	133,575

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 15 years
plant and equipment	4 to 15 years
Motor vehicles	5 years

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

Note 12. Property, plant and equipment (continued)

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

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

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

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	296,436	289,525
Less: Accumulated depreciation	(72,049)	(58,399)
	224,387	231,126
Motor vehicles - right-of-use	19,842	19,842
Less: Accumulated depreciation	(18,174)	(14,200)
	1,668	5,642
	226,055	236,768

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

	Land and buildings $	Motor Vehicles $	Total $
Balance at 1 July 2020	245,737	9,616	255,353
Remeasurement adjustments	7,381	-	7,381
Depreciation expense	(21,992)	(3,974)	(25,966)
Balance at 30 June 2021	231,126	5,642	236,768
Remeasurement adjustments	15,247	-	15,247
Depreciation expense	(21,986)	(3,974)	(25,960)
Balance at 30 June 2022	224,387	1,668	226,055

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 18 for more information on lease arrangements.

Note 14. Investment properties

	2022 $	2021 $
Investment property - sublease - at cost	26,260	33,171
Less: Accumulated depreciation	(17,969)	(9,633)
	8,291	23,538

Note 14. Investment properties (continued)

Accounting policy for investment properties - sublease
The company subleases some of its property. The company initially measures the head lease in accordance with the accounting polices in note 18 'Lease liabilities' and note 13 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

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

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

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

Note 15. Intangibles

	2022 $	**2021 $**
Agency Buy Out	21,072	21,072
Less: Accumulated amortisation	(12,643)	(8,429)
	8,429	12,643
Franchise fee	10,000	10,000
Less: Accumulated amortisation	(8,833)	(6,833)
	1,167	3,167
Establishment fee	100,000	100,000
Less: Accumulated amortisation	(88,333)	(68,333)
	11,667	31,667
	21,263	47,477

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

	Franchise fee $	Establishment fee $	Agency Buy out $	Total $
Balance at 1 July 2020	5,167	51,667	16,858	73,692
Amortisation expense	(2,000)	(20,000)	(4,215)	(26,215)
Balance at 30 June 2021	3,167	31,667	12,643	47,477
Amortisation expense	(2,000)	(20,000)	(4,214)	(26,214)
Balance at 30 June 2022	1,167	11,667	8,429	21,263

Note 15. Intangibles (continued)

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. Domiciled customer accounts acquired as a result of the agency buy out and was recognised at cost at the date of acquisition and have been assessed as having a useful life of five years They are tested for impairment at each reporting period and 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 establishment fee	Straight-line	Over the franchise term (5 years)	February 2023
Franchise fee	Straight-line	Over the franchise term (5 years)	February 2023
Agency buy out	Straight-line	5 years	June 2024

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

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	1,459	1,009
Other payables and accruals	37,741	34,808
	39,200	35,817

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

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

Note 17. Borrowings

	2022 $	2021 $
Current liabilities		
Bank overdraft	41,137	10,589
Bank loans	10	10
	41,147	10,599

Note 17. Borrowings (continued)

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

	2022 $	2021 $
Total facilities		
Bank overdraft	50,000	50,000
Used at the reporting date		
Bank overdraft	41,137	10,589
Unused at the reporting date		
Bank overdraft	8,863	39,411

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

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

Note 18. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	31,647	31,647
Unexpired interest	(11,481)	(12,359)
Motor vehicle lease liabilities	7,594	3,472
Unexpired interest	(206)	(399)
	27,554	22,361
Non-current liabilities		
Land and buildings lease liabilities	303,287	334,934
Unexpired interest	(56,856)	(68,337)
Motor vehicle lease liabilities	-	7,594
Unexpired interest	-	(164)
	246,431	274,027

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	296,388	318,806
Remeasurement adjustments	-	(948)
Lease interest expense	12,716	13,697
Lease payments - total cash outflow	(35,119)	(35,167)
	273,985	296,388

Note 18. Lease liabilities (continued)

Maturity analysis

	2022 $	2021 $
Not later than 12 months	39,241	35,119
Between 12 months and 5 years	126,589	134,183
Greater than 5 years	176,698	208,345
	342,528	377,647

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

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

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

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

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

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

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

The company's lease portfolio includes:

St Helens branch	The lease agreement commenced in February 2018 for an initial 5 year term. The company has 2 x 5 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 January 2033. The discount rate used in calculations is 4.46%.
Motor Vehicle	The lease agreement is a non-cancellable term of five years which will end in November 2022. The lease includes a balloon payment at which tine the registered security over the motor vehicles is removed.

Note 19. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	8,347	6,942
Non-current liabilities		
Long service leave	3,008	2,125

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 20. Provisions

	2022 $	2021 $
Lease make good	3,122	2,986

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 $5,000 for the St Helens 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 January 2033 at which time it is expected the face-value costs to restore the premises will fall due.

Note 20. Provisions (continued)

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

Note 21. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	760,851	760,851	760,851	760,851
Less: Equity raising costs	-	-	(36,479)	(36,479)
	760,851	760,851	724,372	724,372

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

Rights attached to issued capital

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

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

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

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

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

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

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

Note 21. Issued capital (continued)

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 257. As at the date of this report, the company had 284 shareholders (2021: 285 shareholders).

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

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

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

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

Note 22. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(434,988)	(349,098)
Loss after income tax benefit for the year	(42,657)	(85,890)
Accumulated losses at the end of the financial year	(477,645)	(434,988)

Note 23. Capital management

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

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

The distribution limit is the greater of:

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

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

Note 23. Capital management (continued)

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

Note 24. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	31,401	24,517
Cash and cash equivalents	41,946	15,900
	73,347	40,417
Financial liabilities		
Trade and other payables	39,200	35,817
Lease liabilities	273,985	296,388
Bank loans	10	10
Bank overdrafts	41,137	10,589
	354,332	342,804

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

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

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

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

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

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

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

Cash flow and fair value interest rate risk
Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

Note 24. Financial instruments (continued)

The company held cash and cash equivalents of $41,946 at 30 June 2022 (2021: $15,900). 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%	41,137	2.01%	10,589
Unsecured loans	-	10	-	10
Net exposure to cash flow interest rate risk		41,147		10,599

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 **and investments in debt securities.**

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	8,863	39,411

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	41,137	-	-	41,137
Unsecured loans	10	-	-	10
Trade and other payables	39,200	-	-	39,200
Lease liabilities	39,241	126,589	176,698	342,528
Total non-derivatives	119,588	126,589	176,698	422,875

Note 24. Financial instruments (continued)

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank overdraft	10,589	-	-	10,589
Unsecured loans	10	-	-	10
Trade and other payables	35,817	-	-	35,817
Lease liabilities	35,119	134,183	208,345	377,647
Total non-derivatives	81,535	134,183	208,345	424,063

Note 25. Key management personnel disclosures

The following persons were directors of Break O'Day Community Financial Services Ltd during the financial year:

Andrew Donald MacGregor
David Edward Llewellyn
Roger William Harrison Harlow
Sandra Maree Lohrey
Annette Elizabeth Maney
Christopher Frederick Triebe
Stephen John Walley
Garry Colin Pannan
Stephen Lee Bedford
Sheridan Lee van Asch

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

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

Note 26. Related party transactions

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

Note 27. Remuneration of auditors

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

	2022 $	**2021 $**
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	1,325	1,000
General advisory services	2,330	2,520
Share registry services	2,000	1,900
	5,655	5,420
	10,855	10,420

Note 28. Reconciliation of loss after income tax to net cash provided by/(used in) operating activities

	2022 $	2021 $
Loss after income tax benefit for the year	(42,657)	(85,890)
Adjustments for:		
Depreciation and amortisation	70,210	70,282
Lease liabilities interest	12,716	13,736
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(7,878)	2,837
Increase in deferred tax assets	(7,581)	(19,067)
Increase in trade and other payables	3,383	7,573
Increase/(decrease) in employee benefits	2,288	(10,495)
Increase in other provisions	136	130
Net cash provided by/(used in) operating activities	30,617	(20,894)

Note 29. Earnings per share

	2022 $	2021 $
Loss after income tax	(42,657)	(85,890)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	760,851	760,851
Weighted average number of ordinary shares used in calculating diluted earnings per share	760,851	760,851
	Cents	**Cents**
Basic earnings per share	(5.61)	(11.29)
Diluted earnings per share	(5.61)	(11.29)

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Break O'Day Community Financial Services Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Roger William Harrison Harlow
Secretary

29 September 2022

Independent audit report

Andrew Frewin Stewart
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Independent auditor's report to the Directors of Break O'Day Community Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Break O'Day Community Financial Services Ltd's (the company), which comprises:

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

In our opinion, the accompanying financial report of Break O'Day Community Financial Services Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
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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 the company incurred a net loss after tax of $42,657 during the year ended 30 June 2022, further reducing the company's net assets to $246,727. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast 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.

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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: 29 September 2022

Joshua Griffin
Lead Auditor

afsbendigo.com.au

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Bendigo Bank