Annual Report 2022

Broadwater Financial Services Limited

Community Bank Helensvale

ABN 29 095 850 463

Contents

Chairman's report

For year ending 30 June 2022

The financial year ended June 2022 for Broadwater Financial Services Limited proved to be another challenging year in the Banking industry and resulted in the company recording a loss after tax of $44,532. The ongoing impact of COVID-19 and the continuing low margins in the industry certainly played a part in our result, however the major reason for the disappointing loss for the company was the write off of leasehold assets at our Biggera Waters site following the company's decision to close the branch in April 2022. (refer below). The one-off financial impact of the closure, including "make good" conditions in the lease, was approximately $140,000.

Revenue from contracts from customers for the year only increased $28,604 (2.71%) over the previous year and our net overall footings increased by a small $3.3 million finishing the year on $174.2 million which is a record high for our company. Our Branch Manager's report further analyses these numbers.

As referred to above, in early 2022 the company, in consultation with senior management of our Franchise partners, Bendigo and Adelaide Bank, made the very difficult business decision to close the Biggera Waters branch in April 2022. This branch was the second Bendigo Community branch to open in Queensland in 2001 and there were several reasons that the Board considered in coming to this decision:

- Revenue streams and financial viability of the branch were falling and the outlook was poor;
- The branch was in need of a re-branding and upgrade to fitout which would have cost the company in excess of $150,000 to complete;
- The inability to maintain consistent and satisfactory staffing levels particularly when several staff departed from our Helensvale branch;
- The lease on the site at Biggera Waters was ending in June 2022 and the option for a further five year term was not viable.

The outlook for the company in the coming year is very positive. Rising interest rates will ensure that banking margins will increase and since the end of the financial year the company has experienced considerable growth and profits and there is a strong vision that the company will record a very healthy profit in 2023 financial year and the possibility that a return of dividends to shareholders will be achieved.

As outlined in the Manager's report, many staff at Helensvale branch exited our employment in February 2022 and this placed considerable strain on our resources to maintain satisfactory service to our customers prior to the closure of Biggera Waters. The Board and I would like to congratulate the remaining staff for their commitment during this time and they have now bonded into a very strong team of committed people, led by our senior manager, Mr Peter Kai-Nielsen. Following the closure of Biggera Waters branch, the Board decided to employ a Mobile Relationship Manager and in May 2022, Ms Karen McDonald joined our team and has already proved to be very proficient in her job and is exceeding her lending targets in a very competitive market.

The company continues to support our local community groups with sponsorship funds in the health, aged care and youth sporting groups and we have increased our marketing and visibility in our Gold Coast region. Over many years we have seen considerable financial returns to our company from our community partners and their members through loan and deposit growth.

Since the last Annual Report our Board has had two changes. In July 2022 Dulise Maxwell resigned to pursue other interests including overseas travel. We wish Dulise and her husband good times in the coming years. In August 2022, Mrs Nicole Smithers was invited to join our Board and accepted. Nicole has had considerable experience in tourism and marketing and has a Degree in Accounting & Diploma in Tourism and is the current Treasurer of the Runaway Bay Cricket Club which the company has a community partnership with. We welcome Nicole to the Board and look forward to her positive contribution at all levels of our business.

Chairman's report (continued)

Our volunteer Directors spend many personal hours attending Board meetings, committee meetings, business development events, conferences and providing community partner support. I would like to take the opportunity to acknowledge this dedication and work and I thank them for their continued support. The Board again thanks our personal assistant, Mrs Maris Dirkx, for her outstanding efforts in secretarial support, marketing strategies, assistance in organising company events and liaison with our community partners.

Finally, as a Board, we again wish to thank all our customers, community organisations and local business owners for their support during the year and in addition we would also like to acknowledge the support and assistance from senior management of the Bendigo and Adelaide Bank during the year. It is their commitment and ours to grow the business to achieve consistent profits and returns to our patient shareholders. In closing, I again thank all shareholders for their continued support and look forward to a very positive future for the company.

Robert Knight
Chairman

Manager's report

For year ending 30 June 2022

2021-22 was a significant year for Broadwater Financial Services Limited having made the difficult decision in consultation with the Bendigo Bank, to close our Biggera Waters branch in April. The many reasons for this are well documented within the Chairman's report.

Our combined book (in both Lending and Deposits) recorded a small increase in growth by $3.3 million for 2021-22, taking our "Funds Under Management" footings from $170.9 million to $174.2 million. When you reflect on the growth experienced over the past four years, this result was below expectations however the loss of business (and customers) following the closure of our Biggers Waters branch was not unexpected.

The combined loan book reduced by $8.3 million (from $88.7 million to $80.4 million) due to increased competitive pressures from external financiers and a rising property market. Many of our "transitioning to retirement" customers decided to sell their principal place of residence at the peak of the property market and relocate elsewhere away for the Gold Coast. Others decided to sell their investment properties and pay-down debt. This was no more evident in the discharges recorded over the past year totalling $17.3 million, being 150% increase from 2020-21.

The combined deposit book increased by $10.7 million (from $77.6 million to $88.3 million) as many customers choose to retain their savings and either apply them to early repayments on existing lending or retain funds in their Mortgage Saver A/c's to reduce interest costs.

Despite the ongoing transition away from branch attendance by our customers (due to the preferred online and phone banking convenience) both customers and products per customer increased however in-branch transaction numbers reduced due to the closure of Biggera Waters.

A decision in April was made to employ a Mobile Lending Manager following the loss of our Branch Manager and three employees from our Helensvale team. This business decision has already changed the dynamic of our offering by having both an experienced Lender available to attend after hours and weekend appointments, supported by a fully serviced branch.

On the Community front, we continued to provide sponsorship and a presence to many of our local sporting clubs and not-for profit associations. This includes renewed sponsorships with the Gold Coast Hospital Foundation, Labrador Hockey, Discovery Park Tennis, Broadwater Netball, Labrador AFL, Runaway Bay Cricket, and the Gold Coast Wildcats Basketball.

We have continued to host and promote our own quarterly Broadwater Business networking evenings at Parkwood Village. These are well attended by local business owners, community partners, and local and state elected officials.

In closing, I would like to acknowledge and thank our voluntary Board of Directors, our customers, shareholders, and staff for their contribution and ongoing support to our Community Bank.

Peter Kai-Nielsen
Manager Community Bank Helensvale

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

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:	Robert John Knight
Title:	Chairman and Treasurer
Experience and expertise:	Business Consultant and Real Estate Business Owner. Bachelor of Commerce, former Chartered Accountant, Financial Controller and Public Company Secretary.
Special responsibilities:	Executive Management Committee

Name:	Leeanne Kay Braund
Title:	Secretary
Experience and expertise:	Personal Assistant at Gold Coast City Council. Former Consultant to Queensland Health and former Mortgage Broker and the current Secretary of Discovery Park Tennis Club Inc. and Tennis Gold Coast Regional Assembly.
Special responsibilities:	Company Secretary and Executive Management Committee

Name:	Micheal Douglas McCarthy
Title:	Non-executive director
Experience and expertise:	Sales Representative. Former Insurance Manager for Woolworths NSW for 19 years and Real Estate Sales Consultant.
Special responsibilities:	Nil

Name:	Tegan Bree Parker
Title:	Non-executive director
Experience and expertise:	Fundraising Coordinator - Business and Community. Tertiary Qualification: Diploma of Health and Human Sciences. Currently completing a Bachelor of Business majoring in management. Former Cabin Crew and Guest Services Agent with Virgin Australia.
Special responsibilities:	Nil

Name:	Chanta Kumari Bock
Title:	Non-executive director
Experience and expertise:	Chanta has 20 years experience within the Financial Industry, working in the area of Procurement and IT, ensuring compliance and IT Security is maintained and enforced. Chanta is an experienced trainer in Contracts and Negotiations and is also currently involved in Local Chaplaincy to help underprivileged children and families in crisis.
Special responsibilities:	Nil

Name:	Nicole Adele Smithers
Title:	Non-executive director (appointed 31 August 2022)
Experience and expertise:	Nicole is a former Marketing Manager - medium sized construction company (6 yrs), and Tourism Manager Kiama, South Coast NSW (23 yrs). She holds a Diploma of Tourism, Bachelor of Accounting, GAICD and is the Current Treasurer at Runaway Bay Cricket Club.
Special responsibilities:	Nil

Name:	Dulise Coral Maxwell
Title:	Non-executive director (resigned 6 August 2022)
Experience and expertise:	Management/Leadership consultant. Dulise's career has been largely in C-suite roles including most recently, Head of People and Culture for Qld Health, ED of Leadership for ATO and Corporate Coach for Matter Health Services. For the past decade Dulise has been running her own Management/Leadership consultancy with clients across public and private sector including most recently the Office of the Governor of Qld, 2x EDs for RBWH and Gold Coast Private Hospital. Dulise has completed undergraduate studies in Japanese and Chinese with post graduate work in strategic planning, organisational development, entrepreneurship, leadership and management. Dulise has served on 3 boards [for profit and not for profit] including most recently that of Redlands Financial Services who owned Bendigo Community Bank franchises.
Special responsibilities:	Nil

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

Company secretary
The Company secretary is Leeanne Braund. Leeanne was appointed to the position of Company secretary on 26 April 2013.

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 $44,532 (30 June 2021: profit of $2,787).

Operations have continued to perform in line with expectations.

Significant changes in the state of affairs
During the period the company consolidated branch operations to the Helensvale Branch. This meant the closure of the Biggera Waters Branch in the period. There were no other significant changes in the state of affairs of the company during the financial year.

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

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

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

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

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

	Board	
	Eligible	Attended
Robert John Knight	10	10
Leeanne Kay Braund	10	10
Micheal Douglas McCarthy	10	5
Tegan Bree Parker	10	5
Chanta Kumari Bock	10	9
Dulise Coral Maxwell	10	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
Robert John Knight	667	-	667
Leeanne Kay Braund	5,250	-	5,250
Micheal Douglas McCarthy	-	-	-
Tegan Bree Parker	-	-	-
Chanta Kumari Bock	-	-	-
Dulise Coral Maxwell	-	-	-

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

Robert John Knight
Chair

21 October 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Broadwater Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 21 October 2022

Joshua Griffin
Lead Auditor

afsbendigo.com.au

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

Financial statements

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

	Note	2022 $	2021 $
Revenue from contracts with customers	6	1,082,679	1,054,075
Other revenue	7	49,171	85,271
Employee benefits expense	8	(635,893)	(728,445)
Advertising and marketing costs		(20,888)	(7,173)
Occupancy and associated costs		(59,543)	(40,589)
System costs		(33,695)	(36,818)
Depreciation and amortisation expense	8	(258,268)	(136,731)
Finance costs	8	(24,713)	(28,456)
General administration expenses		(115,976)	(118,893)
Profit/(loss) before community contributions and income tax (expense)/benefit		(17,126)	42,241
Charitable donations and sponsorships expense		(42,250)	(34,095)
Profit/(loss) before income tax (expense)/benefit		(59,376)	8,146
Income tax (expense)/benefit	9	14,844	(5,359)
Profit/(loss) after income tax (expense)/benefit for the year	21	(44,532)	2,787
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(44,532)	2,787
		Cents	**Cents**
Basic earnings per share	29	(7.52)	0.47
Diluted earnings per share	29	(7.52)	0.47

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

Broadwater Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	-	434
Trade and other receivables	11	63,430	52,692
Total current assets		63,430	53,126
Non-current assets			
Property, plant and equipment	12	43,823	181,890
Right-of-use assets	13	219,582	279,909
Intangibles	14	56,468	8,207
Deferred tax assets	9	165,228	150,386
Total non-current assets		485,101	620,392
Total assets		548,531	673,518
Liabilities			
Current liabilities			
Trade and other payables	15	48,643	38,587
Borrowings	16	207,156	235,701
Lease liabilities	17	67,312	104,906
Employee benefits	18	4,125	13,029
Total current liabilities		327,236	392,223
Non-current liabilities			
Trade and other payables	15	60,725	-
Borrowings	16	117,255	129,311
Lease liabilities	17	172,049	202,874
Employee benefits	18	3,058	15,575
Provisions	19	20,931	41,726
Total non-current liabilities		374,018	389,486
Total liabilities		701,254	781,709
Net liabilities		(152,723)	(108,191)
Equity			
Issued capital	20	406,858	406,858
Accumulated losses	21	(559,581)	(515,049)
Total equity		(152,723)	(108,191)

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

Broadwater Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020	406,858	(517,836)	(110,978)
Profit after income tax expense	-	2,787	2,787
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	2,787	2,787
Balance at 30 June 2021	406,858	(515,049)	(108,191)

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021	406,858	(515,049)	(108,191)
Loss after income tax benefit	-	(44,532)	(44,532)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(44,532)	(44,532)
Balance at 30 June 2022	406,858	(559,581)	(152,723)

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

Broadwater Financial Services Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,232,807	1,255,150
Payments to suppliers and employees (inclusive of GST)		(1,045,423)	(1,089,780)
		187,384	165,370
Interest and other finance costs paid		(13,286)	(12,882)
Net cash provided by operating activities	28	174,098	152,488
Cash flows from investing activities			
Payments for property, plant and equipment		(2,339)	(7,493)
Payments for intangibles		(18,467)	(24,623)
Payments for right of use assets		(35,106)	-
Net cash used in investing activities		(55,912)	(32,116)
Cash flows from financing activities			
Repayment of lease liabilities	17	(114,506)	(110,100)
Proceeds from lease liabilities		37,034	-
Repayment of borrowings		(12,603)	(11,475)
Net cash used in financing activities		(90,075)	(121,575)
Net increase/(decrease) in cash and cash equivalents		28,111	(1,203)
Cash and cash equivalents at the beginning of the financial year		(214,939)	(213,736)
Cash and cash equivalents at the end of the financial year	10	(186,828)	(214,939)

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 Broadwater Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is 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 Helensvale Plaza Shopping Centre Unit 6A, 12 Sir John Overall Drive, Helensvale 4212 QLD.

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

Note 2. Basis of preparation and statement of compliance

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

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	63,430	53,126	10,304	19%
Current liabilities	(327,236)	(392,223)	64,987	(17%)
Working capital (deficiency)	(263,806)	(339,097)	75,291	(22%)

	2022 $	2021 $	Change $	Change %
Total assets	548,531	673,518	(124,987)	(19%)
Total liabilities	(701,254)	(781,709)	80,455	(10%)
Net assets/(liabilities)	(152,723)	(108,191)	(44,532)	41%
Accumulated losses	(559,581)	(515,049)	(44,532)	9%
Profit/(loss) before tax	(59,376)	8,146	(67,522)	(829%)
Profit/(loss) after tax	(44,532)	2,787	(47,319)	(1698%)
Total comprehensive income	(44,532)	2,787	(47,319)	(1698%)
Operating cash inflows (outflows)	174,098	152,488	21,610	14%
Cash and cash equivalents	-	434	(434)	(100%)
Available overdraft and borrowing facilities	350,000	350,000	-	-

The company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of $350,000 and was drawn to $186,828 as at 30 June 2022.

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

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

The current economic environment is difficult, and while revenue from contracts with customers has increased the company has reported an operating loss for the year. Although we note this is mostly due to the additional depreciation expense this period associated the Biggera Waters Branch closure, refer to note 12.

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.

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 foreseeable 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.

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.

Note 3. Significant accounting policies (continued)

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

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.

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.

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

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

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

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

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

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

Note 5. Economic dependency

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

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

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

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

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

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	921,848	901,077
Fee income	78,466	81,358
Commission income	82,365	71,640
Revenue from contracts with customers	1,082,679	1,054,075

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	48,333	73,315
Cash flow boost	-	11,561
Other income	838	395
Other revenue	49,171	85,271

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.

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	129,972	10,188
Plant and equipment	7,269	2,834
Motor vehicles	3,165	4,249
	140,406	17,271
Depreciation of right-of-use assets		
Leased land and buildings	94,837	94,837
Leased motor vehicles	596	-
	95,433	94,837
Amortisation of intangible assets		
Franchise fee	3,862	4,477
Franchise renewal fee	18,567	20,146
	22,429	24,623
	258,268	136,731

Note 8. Expenses (continued)

The significant increase in depreciation recorded this year is due to the accelerated rate used to be in line with the closure of the Biggera Waters Branch, refer to note 12.

Finance costs

	2022 $	2021 $
Bank loan interest paid or accrued	13,286	12,881
Lease interest expense	9,600	13,826
Unwinding of make-good provision	1,827	1,749
	24,713	28,456

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	501,630	575,817
Non-cash benefits	4,569	4,569
Superannuation contributions	53,510	56,546
Expenses related to long service leave	9,565	13,196
Other expenses	66,619	78,317
	635,893	728,445

Accounting policy for employee benefits
Bendigo Bank seconds employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees. The company directly employs two employees.

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	14,851	12,465

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense/(benefit)		
Movement in deferred tax	15,621	(3,905)
Reduction in company tax rate	-	6,015
Recoupment of prior year tax losses	(30,465)	3,249
Aggregate income tax expense/(benefit)	(14,844)	5,359

Note 9. Income tax (continued)

	2022 $	2021 $
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	(59,376)	8,146
Tax at the statutory tax rate of 25% (2021: 26%)	(14,844)	2,118
Tax effect of:		
Non-deductible expenses	-	232
Non-assessable income	-	(3,006)
	(14,844)	(656)
Adjustment to deferred tax balances as a result of change in statutory tax rate	-	6,015
Income tax expense/(benefit)	(14,844)	5,359

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Tax losses	169,185	138,721
Property, plant and equipment	(15,436)	(13,661)
Employee benefits	1,795	7,151
Provision for lease make good	5,233	10,432
Accrued expenses	-	775
Lease liabilities	50,719	76,945
Right-of-use assets	(46,268)	(69,977)
Deferred tax asset	165,228	150,386

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	-	434

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	-	434
Bank overdraft (note 16)	(186,828)	(215,373)
Balance as per statement of cash flows	(186,828)	(214,939)

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

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	58,541	46,147
Prepayments	4,889	6,545
	63,430	52,692

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	89,271	297,318
Less: Accumulated depreciation	(55,761)	(133,836)
	33,510	163,482
Plant and equipment - at cost	37,014	56,100
Less: Accumulated depreciation	(26,701)	(40,857)
	10,313	15,243
Motor vehicles - at cost	21,244	21,244
Less: Accumulated depreciation	(21,244)	(18,079)
	-	3,165
	43,823	181,890

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	166,177	18,077	7,414	191,668
Additions	7,493	-	-	7,493
Depreciation	(10,188)	(2,834)	(4,249)	(17,271)
Balance at 30 June 2021	163,482	15,243	3,165	181,890
Additions	-	2,339	-	2,339
Depreciation	(129,972)	(7,269)	(3,165)	(140,406)
Balance at 30 June 2022	33,510	10,313	-	43,823

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 14 years
Plant and equipment	1 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.

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
The company's review of estimates resulted in changes in the useful life of some of the leasehold improvements of Biggera Waters and Helensvale Branches. The useful lifes had previously been assessed as 40 years from their respective depreciation commencement dates which resulted in useful life end dates ranging from 2024 to 2052. The Biggera Waters Branch asset useful lifes were reassessed to the lease end date of June 2022 which significantly accelerated the depreciation expense this period. The Helensvale Branch asset useful lifes were aligned to the current lease term of 2025. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 $	**2023 $**	**2024 $**	**2025 $**	**2026+ $**
(Decrease) increase in depreciation expense	120,072	(335)	(250)	(46)	(119,421)

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	1,047,438	1,047,438
Less: Accumulated depreciation	(862,366)	(767,529)
	185,072	279,909
Motor vehicles - right-of-use	35,106	-
Less: Accumulated depreciation	(596)	-
	34,510	-
	219,582	279,909

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 Vehicle $	Total $
Balance at 1 July 2020	374,746	-	374,746
Depreciation expense	(94,837)	-	(94,837)
Balance at 30 June 2021	279,909	-	279,909
Additions	-	35,106	35,106
Depreciation expense	(94,837)	(596)	(95,433)
Balance at 30 June 2022	185,072	34,510	219,582

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

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

Refer to note 17 for more information on lease arrangements.

Note 14. Intangibles

	2022 $	2021 $
Franchise fee	104,165	92,384
Less: Accumulated amortisation	(94,754)	(90,892)
	9,411	1,492
Franchise renewal fee	199,638	140,730
Less: Accumulated amortisation	(152,581)	(134,015)
	47,057	6,715
	56,468	8,207

Note 14. Intangibles (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	5,969	26,861	32,830
Amortisation expense	(4,477)	(20,146)	(24,623)
Balance at 30 June 2021	1,492	6,715	8,207
Additions	11,781	58,909	70,690
Amortisation expense	(3,862)	(18,567)	(22,429)
Balance at 30 June 2022	9,411	47,057	56,468

Additions
During the period the company renewed there franchise agreement. The associated asset is being amortised over 5 years.

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

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

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

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

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

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

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

Note 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	25,386	8,662
Other payables and accruals	23,257	29,925
	48,643	38,587
Non-current liabilities		
Other payables and accruals	60,725	-

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

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

Note 16. Borrowings

	2022 $	2021 $
Current liabilities		
Bank overdraft	186,828	215,373
Bank loans	20,328	20,328
	207,156	235,701
Non-current liabilities		
Bank loans	117,255	129,311

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

	2022 $	2021 $
Total facilities		
Bank overdraft	350,000	350,000
Used at the reporting date		
Bank overdraft	186,828	215,373
Unused at the reporting date		
Bank overdraft	163,172	134,627

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.

Bank loans
Bank loans are repayable monthly. Interest is recognised at rate of 6.39% (2021: 5.64%). The loans are secured by a fixed and floating charge over the company's assets. In January 2016 a $200,000 loan was taken out to repay two loans previously held by the company.

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 17. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	66,832	114,506
Unexpired interest	(6,208)	(9,600)
Motor vehicle lease liabilities	8,350	-
Unexpired interest	(1,662)	-
	67,312	104,906
Non-current liabilities		
Land and buildings lease liabilities	147,833	214,665
Unexpired interest	(5,583)	(11,791)
Motor vehicle lease liabilities	32,704	-
Unexpired interest	(2,905)	-
	172,049	202,874

Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	307,780	404,054
Additional lease liabilities recognised	36,487	-
Lease interest expense	9,600	13,826
Lease payments - total cash outflow	(114,506)	(110,100)
	239,361	307,780

Maturity analysis

	2022 $	2021 $
Not later than 12 months	75,182	114,506
Between 12 months and 5 years	180,537	214,665
	255,719	329,171

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:

Biggera Waters branch	The lease agreement was finalised during the current period due to the closure of the branch.
Helensvale branch	The lease commenced in August 2010. A 5 year renewal option was exercised in August 2020. The company has no renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is August 2025. The discount rate used in calculations is 3.54%.
Ford Escape	The lease agreement is a non-cancellable term of 5 years which commenced in June 2022. Upon the final lease payment the registered security over the motor vehicle is removed.

Note 18. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	3,452	5,933
Long service leave	673	7,096
	4,125	13,029
Non-current liabilities		
Long service leave	3,058	15,575

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

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

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

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

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

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

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

Note 19. Provisions

	2022 $	2021 $
Lease make good	20,931	41,726

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 $23,342 for the Helensvale Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on August 2025 at which time it is expected the face-value costs to restore the premises will fall due. The Biggera Waters Branch was made good in the period upon finishing the lease.

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

Note 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	444,025	444,025	444,025	444,025
Bonus shares - fully paid (3:1)	148,013	148,013	-	-
Less: Equity raising costs	-	-	(37,167)	(37,167)
	592,038	592,038	406,858	406,858

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.

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 250. As at the date of this report, the company had 301 shareholders (2021: 302 shareholders).

Note 20. Issued capital (continued)

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

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

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

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

Note 21. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(515,049)	(517,836)
Profit/(loss) after income tax (expense)/benefit for the year	(44,532)	2,787
Accumulated losses at the end of the financial year	(559,581)	(515,049)

Note 22. Capital management

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

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

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

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

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

Note 23. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	58,541	46,147
Cash and cash equivalents	-	434
	58,541	46,581
Financial liabilities		
Trade and other payables	109,368	38,587
Lease liabilities	239,361	307,780
Bank loans	137,583	149,639
Bank overdrafts	186,828	215,373
	673,140	711,379

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. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $nil at 30 June 2022 (2021: $434). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 24. Financial instruments (continued)

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%	186,828	2.03%	215,373
Bank loans	6.39%	137,583	5.64%	149,639
Net exposure to cash flow interest rate risk		324,411		365,012

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

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2022 $	**2021 $**
Bank overdraft	163,172	134,627

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	186,828	-	-	186,828
Bank loans	20,328	117,225	-	137,553
Trade and other payables	48,643	60,725	-	109,368
Lease liabilities	75,182	180,537	-	255,719
Total non-derivatives	330,981	358,487	-	689,468

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	215,373	-	-	215,373
Bank loans	20,328	129,311	-	149,639
Trade and other payables	38,587	-	-	38,587
Lease liabilities	114,506	214,665	-	329,171
Total non-derivatives	388,794	343,976	-	732,770

Note 25. Key management personnel disclosures

The following persons were directors of Broadwater Financial Services Limited during the financial year:

Robert John Knight
Leeanne Kay Braund
Micheal Douglas McCarthy
Tegan Bree Parker
Chanta Kumari Bock
Dulise Coral Maxwell

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	600	600
General advisory services	2,500	2,890
Share registry services	2,000	1,900
	5,100	5,390
	10,300	10,390

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

	2022 $	2021 $
Profit/(loss) after income tax (expense)/benefit for the year	(44,532)	2,787
Adjustments for:		
Depreciation and amortisation	258,268	136,731
Lease liabilities interest	9,600	13,826
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(10,738)	888
Decrease/(increase) in deferred tax assets	(14,842)	5,359
Increase/(decrease) in trade and other payables	18,558	(15,390)
Increase/(decrease) in employee benefits	(21,421)	6,538
Increase/(decrease) in other provisions	(20,795)	1,749
Net cash provided by operating activities	174,098	152,488

Note 29. Earnings per share

	2022 $	2021 $
Profit/(loss) after income tax	(44,532)	2,787
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	592,038	592,038
Weighted average number of ordinary shares used in calculating diluted earnings per share	592,038	592,038
	Cents	**Cents**
Basic earnings per share	(7.52)	0.47
Diluted earnings per share	(7.52)	0.47

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

Note 30. Commitments

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

Note 31. Contingencies

At the end of the financial year an investigation is underway into a customer complaint raised with the Australian Financial Complaints Authority. At the time of this report the investigation is ongoing and it is unknown what, if anything, may be payable by the company. As any potential financial obligation amount is unknown at this time, no figure has been estimated.

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

Note 32. Events after the reporting period

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

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Robert John Knight
Chair

21 October 2022

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of Broadwater Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Broadwater Financial Services Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Broadwater Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that the company incurred a net loss of $44,532 during the year ended 30 June 2022, which is mainly attributed to the increase in depreciation expenditure associated with the Biggera Waters Branch closure The Company also had a working capital deficiency of $263,806, where it's current liabilities exceeded its current assets. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern.

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: 21 October 2022

Joshua Griffin
Lead Auditor

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Bendigo Bank

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