

Annual Report 2022

Bunyip & District Community
Enterprises Limited

Community Bank
Bunyip & District

ABN 42 124 125 515



Contents

Chair's report	2
Manager's report	5
Directors' report	6
Auditor's independence declaration	11
Financial statements	12
Notes to the financial statements	16
Directors' declaration	37
Independent audit report	38

Chair's report

For year ending 30 June 2022

Firstly, as Chair of Bunyip & District Community Enterprises Limited (BDCE) and on behalf of all Board members and the branch team of Community Bank Bunyip & District, I extend a warm welcome to our 2022 Annual Report.

On September 20, 2022, Community Bank Bunyip & District will celebrate 15 years milestone.

As COVID-19 restrictions are now in the rear-view mirror, we have settled into normal branch operations again. The big change is that more customers have moved to digital and online services, and there are less in branch face to face transactions.

We thank all the customers and staff for their commitment, understanding and compliance during the last 12 months.

Our Board meetings are now back to face-to-face, with the options for some Directors to join via online video conferencing. Most subcommittee meetings have been continued via online video conferencing and run as effectively as face-to-face meetings.

For the majority of the financial year 2021-22, extremely low interest rates continued to apply, resulting in low margins and minimal profit or even small losses in some months. Since March 2022, the lift in interest rates has resulted in more positive incomes with some profitable months.

We continue to receive communications from Bendigo Bank and I have participated in all VIC/TAS Chair meetings which have recently been co-hosted by the new and very proactive Community Bank National Council Chair Sarah Franklyn including workshops to adopt changes in branch operating, community partnerships and adapting to customer needs.

Board update

The Board consists of myself as Chair, Jim Fitzpatrick as Treasurer/Company Secretary, Vice Chair Neil Matthews, along with fellow Directors Chris Kelly, Chris Rieniets, Paul Scanlon and Erin Polson as Marketing/Social Media and Board Executive Officer.

We are pleased to have Joshua Busuttil from Tynong North join the BDCE Board in November 2021 as a new Director. Josh brings substantial experience in the legal arena and has already made some significant contributions to BDCE operations and legal matters related to branch premises lease and our Franchise Agreement with Bendigo Bank.

The Board appointed Neil Matthews as Vice Chair in March 2022.

The Board elected to change the Board meeting quorum from five to four due to reduced Director numbers.

I have also recommended that the BDCE Board Chair should be rotated every two years. The Board is yet to adopt this proposal.

The Board appointed Erin Polson to lead the Marketing and Business Development subcommittee in Branch Marketing and all Social media, which also includes:

- enhancing the "Local Business Directory", updated and issued every quarter via hardcopy to each township and via Social media
- regular branch newsletter via Social media channels
- promotion of community projects and activities.

During the reporting period, Directors Leanne James, Steve Green and Shae Ford left the Board. We thank Leanne for her proactive finance reports which were very helpful in the period of very low margins. A big thank you to Steve and Shae for being part of the BDCE Board and for their contributions.

Chair's report (continued)

Branch staff and Regional Manager update

Over the year, we have some further branch staff updates and changes.

Anne Elliot (Customer Relationship Officer) expected to remain off work for the foreseeable future. We wish Anne a full recovery.

Nicole Jessup (Customer Service Officer), Brenda Watts (Customer Service Officer) and Gwen Smith (Customer Relationship Officer) have been key players in maintaining branch operations.

With the help of Gerry Marvin (Regional Manager) the branch was able to engage Mark Harvey in October 2021. Mark comes with significant lending and branch operational experience from Bendigo's Pakenham Branch.

Unfortunately, our Branch Manager Rik Foster resigned in March 2022 to take up a Branch Manager position with another Community Bank. This was a very disappointing result, given the expensive training and development provided to Rik during his employment with the costs covered in full by BDCE.

In the interim, Mark Harvey (Customer Relationship Manager) has assumed the role of Branch Manager in an acting capacity and is successfully operating the branch with full staff support.

With Bendigo continuing to restructure, our Regional Manager Gerry Marvin was re-assigned to East Gippsland and we now have a new Regional Manager in Caitlin Cooper who has previous Community Bank Branch Manager experience.

Caitlin have been very supportive of Community Bank Bunyip & District, given we do not have a full time Branch Manager, supporting Mark Harvey and the branch team.

We also note with disappointment the retirement from Bendigo Bank of Shannon Egan, Community Banking Relationship Manager, who many past and present Board members will have meet.

Branch Opening Hours

The Branch Opening hours remain unchanged – Monday to Friday

- Opening from 10.00am to 12.30pm
- Closed for lunch every day from 12.30pm to 1.30pm
- Opening from 1.30pm to 4.00pm

VIC/TAS State Marketing Committee

I have proactively represented Gippsland Community Banks on the VIC/TAS State Marketing Committee, putting forward and supporting new marketing initiatives. Erin Polson has also joined the committee, which allows for additional marketing skills from Erin on the committee and provides early feedback to our Board on state based marketing initiatives. Congratulations to Erin and with Erin well embedded in the committee, I have retired from the committee after serving on it for more than three years.

Community Bank Model

The BDCE Board continued to work closely with our partner Bendigo and Adelaide Bank, Central and Regional support teams and other Community Banks on ways to improve the customer experience and return our Company to profitable times.

Community Sponsorship and Grants

Given the continued low financial income in the reporting period, the BDCE Board has taken the difficult decision to reduce sponsorships to only those to community newsletters and suspended all grants.

BDCE Outlook

The Board and Branch Operations continued to refine and update the Strategic Plan, to be flexible and fit for purpose.

To that end, the ongoing long term sustainability of BDCE will only be achievable with a substantial increase in business from both new and existing customers taking up Bendigo Bank lending, deposit and insurance products via Community Bank Bunyip & District.

Chair's report (continued)

We also ask our 279 shareholders to be ambassadors for our business and take the time to help grow Community Bank Bunyip & District.

We encourage you to share our updates and increase community awareness of our branch and to educate our communities on the Community Bank model, which ultimately benefits the community with a greater pool of funds to distribute to community groups and projects.

Community Bank Bunyip & District offers very competitive Bendigo Bank banking products, so drop into the branch and have a chat with one of the very capable branch team or give the branch a call on the (03) 5629 6091.

In concluding, the last 12 month's reporting period has continued to be a very challenging market with continued low margins and changing customer banking ways (i.e. move to more online banking).

These conditions have resulted in BDCE making an after tax profit of \$63,980 for the year ended 30 June 2022. The Board of BDCE has regrettably decided that it will not offer a Community Investment Program or pay a dividend to shareholders this year.

To finish on a positive note, remember, the more business that goes through Community Bank Bunyip & District, the more we can contribute back to the many community and local clubs & groups in our towns and surrounding areas.

Thanking you in advance for your support and new business



Barry Crees
BDCE Chair

Manager's report

For year ending 30 June 2022

My name is Mark Harvey, and I joined Community Bank Bunyip & District in October 2021 as the Customer Relationship Manager or Branch Lending Manager. Prior to that I performed the same role at Pakenham Branch for 15 years. I have also worked for ME Bank and Westpac. I took on the acting Branch Manager role in May this year

I would like to acknowledge the efforts of the previous Branch Manager, Rik Foster, for the work he completed in the daily running of Community Bank Bunyip & District through the COVID-19 lockdown time of over 90 days. During this time Rik and the team kept the branch open every day servicing the needs of customers.

During the year, we saw the change of Regional Manager from Gerry Marvin to Caitlin Cooper. We thank Gerry for his support and leadership. Caitlin has committed her support to us and will be with us moving forward.

For myself, the role at Bunyip is new to me as I have not worked in a Community Bank environment before. There is a positive enthusiasm for the vision shared by the Board of Bunyip & District Community Enterprises Limited (BDCE), Bendigo Bank and the staff. This is particularly so as we look towards working out of COVID-19 lockdowns and the opening of business and all social activities.

As the branch team we welcomed Gwen Smith in September as our Customer Relationship Officer joining the experienced Brenda and Nicole. We have worked well together during tough times internally with COVID-19 and external challenges such as increased competitor activity and interest rates both lending and investments at lowest levels ever seen.

We are now entering in a new phase of rising inflation which in turn has forced the Reserve Bank to start increasing borrowing rates which may cause financial stress to some of our customers. That is why it is so important that we keep in touch with our home loan customers to ensure we are there when needed.

The way we work and the way we bank is changing rapidly. Foot traffic in the branch is reducing as customers are encouraged to explore other ways to do their banking. As we have an aging customer base, this change in banking is new to many of them, which has led to the staff spending more of their time helping these customers adapt to new ways of banking.

We must always remember that we are here to assist our customers in achieving their financial dreams and making their goals become realities. This in turn leads to a successful community and a successful Community Bank.

Later this year we will celebrate our 15th year as Community Bank Bunyip & District. We hope that many of our community join us in this celebration.

The Community Bank model supports and adds value back to the local community in which it operates. The support that is provided to the community is a two-way street. It could not exist without customers choosing to support the branch with their banking business. It would be wonderful if every one of our shareholders chose to do their banking with Community Bank Bunyip & District and encouraged their family, friends, and associates to do so as well. I send an invitation to all of you to call in and have a chat with us to see where we can assist you with your finances.



Mark Harvey
Acting Branch Manager

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: Barry Kenneth Crees
Title: Chair
Experience and expertise: Retired in November 2015 after a very rewarding career of 36 years in Australian and New Zealand Automotive Industry Aftermarket. Career covered Industrial Engineering, Supply chain, Warehouse, Logistics, major IT Projects, numerous International Projects and as a Senior Manager, successfully lead and managed Australian Aftermarket Operations and Logistics to 'best in class' on Global benchmarks. Chair to Board of Bunyip & District Community Bank, Chair of the newly formed Gippsland Progress Association in partnership with Cardinia Shire Council for over 2 years, promoting West Gippsland food and tourism for small businesses and farmers following the March 2019 Bunyip Complex Bushfires. Thoroughly enjoy undertaking numerous projects and hobbies and 'life on the land' as a successful West Gippsland Beef farmer.
Special responsibilities: Chair - Bunyip & District Community Bank Enterprises Limited Board & member of Marketing & Business Planning, Property & Assets and HR sub committees.

Name: James Joseph Fitzpatrick
Title: Non-executive director
Experience and expertise: Bachelor of Science, over 30 years experience managing and advising the operators of medium and large employer sponsored superannuation funds.
Special responsibilities: Secretary & Treasurer

Name: Christine Anne Kelly
Title: Non-executive director
Experience and expertise: I have a Bachelor of Business (Acc) Monash with over 25 years experience in management and cost accounting. I have been involved in the Alpaca industry since 2008. Currently I am the President / Treasurer of the Bunyip Hall Committee, Secretary of Hillview Bunyip Aged Care, Treasurer of Bunyip Fire Brigade, President / Treasurer Bunyip & District Carols by Candlelight, Co-Ordinator of Bunyip & District Australia Day Celebrations, Vice President of Bunyip Landcare and supporter of many local groups.
Special responsibilities: Member of Marketing and Sponsorship Committee, HR Committee, Finance and Audit Committee

Name: Neil Michael Matthews
Title: Non-executive director
Experience and expertise: I have a current 23 year position as Executive Finance Director of a health information company run by myself and my wife Louise. A cabinet maker by trade and reskilled many years ago and I am accredited in aged care and health information documentation. I have extensive experience in ISO accreditation and documentation security. I have held many committee positions over the years, not only in local community groups, but also in the classic car movement, which I have an interest both nationally and internationally as a chief judge. My wife and I are Maryknoll residents of over 20 years and a member of the Maryknoll Progress Association and Back Creek Landcare member. I have a strong commitment to supporting the local community in Maryknoll.
Special responsibilities: Nil

Directors' report (continued)

Name:	Christopher James Rieniets
Title:	Non-executive director
Experience and expertise:	Qualifications include MBA (Finance, International Business) Deakin; International Business - ASIA, Kolobatsu College Malaysia, 1995. Fellow Williamson Community Leadership Program (WCLP); Fellow of the Australian Institute of Energy (FAIE). Experience in Risk Management and Compliance, Project Management, Marketing and Strategic planning. A seasoned utility professional, providing energy and carbon management support to Government and leading Australian businesses. Active participation and management within the agricultural sector, including Dairy, Beef and Equine operations. A life-long Gippslander, with active participation within sporting communities. Member of Ministerial Task Force (MAP) - Latrobe City 2005. Board Member - Westside Circus 2005 - Building community resilience. Member of the industry advisory panel to the department of Environment, Land, Water and Planning (DELWP). Victorian Energy Efficient Target (VEET) scheme - 2018/19.
Special responsibilities:	Nil
Name:	Paul Anthony Scanlon
Title:	Non-executive director
Experience and expertise:	Bachelor of Business (Accounting/Banking & Finance), Chartered Accountant. Held a number of executive roles at Pakenham Racing Club (tenure 9 years). Currently CEO/CFO at Radfords in Warragul. Grew up and resides in West Gippsland. Volunteer Treasurer of local charity Frankies Community Kitchen.
Special responsibilities:	Finance and Audit Committee
Name:	Joshua David Murnane Busuttill
Title:	Non-executive director (appointed 17 November 2021)
Experience and expertise:	I am an experienced commercial lawyer and am appreciated for my diligence, pragmatism, and excellent rapport with clients and stakeholders in delivering strategic solutions and advice to achieve valued outcomes. Further, I'm passionate about delivering quality, valued work, and being a trusted contributor and advisor who understands balancing risk and desired commercial outcomes of a business. I currently hold a Bachelor of Laws (Honours) and Commerce (Distinction) and Graduate Diploma of Legal Practice
Special responsibilities:	Nil
Name:	Vanessa Clare Kent
Title:	Non-executive director (resigned 5 July 2021)
Experience and expertise:	Vanessa has over 30 years' experience in the financial services industry, primarily in the insurance claims and loss adjusting arena where she held a variety of senior technical, operational business development, managerial and board positions in both the UK and Australia. A career change in 2015 has enabled Vanessa to become actively involved in the local community and is Secretary of Bunyip Tennis Club and the WGTA Ladies Tennis Competition.
Special responsibilities:	Marketing Committee, HR Committee
Name:	Stephen Douglas Green
Title:	Non-executive director (resigned 20 December 2021)
Experience and expertise:	Royal Australian Airforce: engineering. Health Insurance Commission: purchasing, recruitment, business analyst and audit. Wormald Security: field supervisor. Boral and Hanson: earthmoving, construction and transport contractor. Import/export wholesale fashion accessories company: CEO. Skills: business, leadership, teamwork, interpersonal, professional, computer, administration and life experiences. Education: Mechanical Engineer, management, supervision, marketing, investigations, computer and administration.
Special responsibilities:	Marketing Committee

Directors' report (continued)

Name: Leanne Maree James
Title: Non-executive director (resigned 20 December 2021)
Experience and expertise: Bachelor of Business - Accounting, Certified Practising Accountant. Currently run my own business "Target Measure Grow" that provides CFO and Management Accounting Services to small and medium sized companies to help them understand their numbers, improve cash flow and help their business grow. Prior to that had been an accountant for over 25 years for Corporates to small business. I have a young family, currently part of the St James Playgroup and NNG Kindergarten and will be involved with local Schools and Sporting Clubs over the coming years.
Special responsibilities: Finance and Audit Committee

Name: Shae Ardell Ford
Title: Non-executive director (resigned 20 December 2021)
Experience and expertise: Shae has a background of more than 20 years' experience in marketing, design and project management within various industries including Investment Banking, Market Research, Publishing, Media, Non-Profit, Exhibitions and Trade Fairs, Education, Retail, Wholesale, and Finance; both in Australia and the UK. Shae has extensive experience in market research and data analysis (both qualitative and quantitative), and has proven ability in developing and communicating marketing strategies. In July 2012 after 5 years working in London, Shae returned to Melbourne with her South African partner and started a marketing and design company, 'SAF Creative Design', and now operates her business alongside her various community volunteer work since moving to Bunyip in 2013. She was Editor of the Bunyip & District Community Newsletter since July 2016, resigning in April 2019. Shae is a current member of the Pakenham Pony Rescue Organisation and Bunyip & District Community House since May 2019. Shae is dedicated to helping create a vibrant community and ensuring it continues to flourish for all residents.
Special responsibilities: Nil

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

Company secretary

The Company secretary is James Joseph Fitzpatrick. James was appointed to the position of Company secretary on 31 October 2012.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to \$63,980 (30 June 2021: loss of \$25,241).

Operations have continued to perform in line with expectations.

Dividends

No dividends were declared or paid in the current financial year.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

The company is continuing to inquire on potential sales of the revenue rights associated with Bunyip & District Community Enterprises Limited with other Community Banks. 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' report (continued)

Likely developments

The company is currently inquiring on potential sales of the revenue rights associated with Bunyip & District Community Enterprises Limited with other Community Banks. At the time of signing this report no arrangements had been entered into and the company is continuing 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		Marketing & Business Planning Committee	
	Eligible	Attended	Eligible	Attended
Barry Kenneth Crees	11	9	9	8
James Joseph Fitzpatrick	11	11	-	-
Christine Anne Kelly	11	9	9	8
Neil Michael Matthews	11	8	-	-
Christopher James Rieniets *	5	3	-	-
Paul Anthony Scanlon	11	9	-	-
Joshua David Murnane Busuttil	6	6	-	-
Vanessa Clare Kent	-	-	-	-
Stephen Douglas Green	5	4	5	1
Leanne Maree James	5	4	-	-
Shae Ardell Ford **	-	-	-	-

* Leave of absence from November 2021

** Leave of absence from July 2021 - November 2021

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
Barry Kenneth Crees	-	-	-
James Joseph Fitzpatrick	5,001	-	5,001
Christine Anne Kelly	8,001	-	8,001
Neil Michael Matthews	-	-	-
Christopher James Rieniets	-	-	-
Paul Anthony Scanlon	-	-	-
Joshua David Murnane Busuttil	-	-	-
Vanessa Clare Kent	-	-	-
Stephen Douglas Green	-	-	-
Leanne Maree James	-	-	-
Shae Ardell Ford	-	-	-

Directors' report (continued)

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:

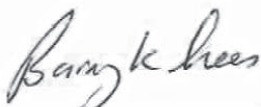
- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, 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



Barry Kenneth Crees
Chair

28 September 2022

Auditor's independence declaration



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 September 2022

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

Adrian Downing
Lead Auditor



Financial statements

Bunyip & District Community Enterprises 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	500,713	468,641
Other revenue	7	20,806	23,542
Finance revenue		656	1,044
Gain on remeasurement of right-of-use assets	8	69,414	-
Employee benefits expense	9	(348,092)	(350,241)
Advertising and marketing costs		(13,040)	(15,380)
Occupancy and associated costs		(24,413)	(23,588)
System costs		(17,518)	(18,583)
Depreciation and amortisation expense	9	(40,005)	(35,313)
Finance costs	9	(8,749)	(10,482)
General administration expenses		(54,581)	(65,000)
Profit/(loss) before community contributions and income tax (expense)/benefit		85,191	(25,360)
Charitable donations and sponsorships expense		-	(7,045)
Profit/(loss) before income tax (expense)/benefit		85,191	(32,405)
Income tax (expense)/benefit	10	(21,211)	7,164
Profit/(loss) after income tax (expense)/benefit for the year	21	63,980	(25,241)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>63,980</u>	<u>(25,241)</u>
		Cents	Cents
Basic earnings per share	29	9.48	(3.74)
Diluted earnings per share	29	9.48	(3.74)

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

Financial statements (continued)

Bunyip & District Community Enterprises Limited Statement of financial position As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	11	246,388	236,302
Trade and other receivables	12	44,604	23,783
Current tax assets	10	1,508	9,371
Total current assets		<u>292,500</u>	<u>269,456</u>
Non-current assets			
Property, plant and equipment	13	133,371	153,106
Right-of-use assets	14	-	154,568
Intangibles	15	-	13,219
Deferred tax assets	10	13,319	30,830
Total non-current assets		<u>146,690</u>	<u>351,723</u>
Total assets		<u>439,190</u>	<u>621,179</u>
Liabilities			
Current liabilities			
Trade and other payables	16	19,270	40,464
Lease liabilities	17	13,629	19,015
Employee benefits	18	1,965	-
Provisions	19	32,253	-
Total current liabilities		<u>67,117</u>	<u>59,479</u>
Non-current liabilities			
Lease liabilities	17	-	232,152
Employee benefits	18	913	-
Provisions	19	-	22,368
Total non-current liabilities		<u>913</u>	<u>254,520</u>
Total liabilities		<u>68,030</u>	<u>313,999</u>
Net assets		<u>371,160</u>	<u>307,180</u>
Equity			
Issued capital	20	656,044	656,044
Accumulated losses	21	<u>(284,884)</u>	<u>(348,864)</u>
Total equity		<u>371,160</u>	<u>307,180</u>

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

Financial statements (continued)

Bunyip & District Community Enterprises Limited Statement of changes in equity For the year ended 30 June 2022

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	<u>656,044</u>	<u>(323,623)</u>	<u>332,421</u>
Profit after income tax expense	-	(25,241)	(25,241)
Balance at 30 June 2021	<u>656,044</u>	<u>(348,864)</u>	<u>307,180</u>
Balance at 1 July 2021	<u>656,044</u>	<u>(348,864)</u>	<u>307,180</u>
Profit after income tax expense	-	63,980	63,980
Balance at 30 June 2022	<u>656,044</u>	<u>(284,884)</u>	<u>371,160</u>

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

Financial statements (continued)

Bunyip & District Community Enterprises 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)		541,238	538,657
Payments to suppliers and employees (inclusive of GST)		<u>(507,693)</u>	<u>(507,219)</u>
		33,545	31,438
Interest received		361	1,566
Income taxes refunded		<u>4,163</u>	<u>919</u>
Net cash provided by operating activities	28	<u>38,069</u>	<u>33,923</u>
Cash flows from investing activities			
Payments for intangibles		(14,047)	(14,047)
Proceeds from disposal from property, plant and equipment		<u>11,364</u>	<u>-</u>
Net cash used in investing activities		<u>(2,683)</u>	<u>(14,047)</u>
Cash flows from financing activities			
Repayment of lease liabilities	17	<u>(25,300)</u>	<u>(27,600)</u>
Net cash used in financing activities		<u>(25,300)</u>	<u>(27,600)</u>
Net increase/(decrease) in cash and cash equivalents		10,086	(7,724)
Cash and cash equivalents at the beginning of the financial year		<u>236,302</u>	<u>244,026</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>246,388</u></u>	<u><u>236,302</u></u>

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

5 High Street, Bunyip Vic 3815

Principal place of business

18 Main Street, Bunyip VIC 3815

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

Note 2. Basis of preparation and statement of compliance

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

Going concern

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

The company is currently inquiring on potential sales of the revenue rights associated with Bunyip & District Community Enterprises Limited with other Community Banks. At the time of signing this report no arrangements had been entered into and the company is continuing its policy of facilitating banking services to the community, but with the intention to eventually sell the revenue rights if a satisfactory arrangement can be organised. Any sale would be subject to approval from shareholders and Bendigo Bank. If a sale of the revenue rights was arranged, it would subsequently result in the wind up of the company. These circumstances create material uncertainties over future trading of the company.

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

Notes to the financial statements (continued)

Note 3. Significant accounting policies (continued)

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.

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.

Notes to the financial statements (continued)

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.

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, incurrance 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.

Notes to the financial statements (continued)

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

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

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

Lease make good provision

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

Note 5. Economic dependency

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

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

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

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers

	2022 \$	2021 \$
Margin income	407,530	390,124
Fee income	46,211	38,323
Commission income	46,972	40,194
Revenue from contracts with customers	<u>500,713</u>	<u>468,641</u>

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:

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

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

Revenue calculation

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Other revenue

	2022 \$	2021 \$
Net gain on disposal of property, plant and equipment	5,534	-
Market development fund	15,000	23,542
Other income	272	-
Other revenue	<u>20,806</u>	<u>23,542</u>

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

Revenue stream

Discretionary financial contributions (also "Market development fund" or "MDF" income)

Other income

Net gain on disposal of property, plant and equipment

Revenue recognition policy

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.

All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

Notes to the financial statements (continued)

Note 7. Other revenue (continued)

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.

Note 8. Gain on remeasurement of right-of-use assets

	2022 \$	2021 \$
Gain on remeasurement of right-of-use assets	69,414	-

During the year ended 30 June 2022 the company reassessed the lease term used in the lease liability calculations. The company is no longer reasonably certain to use the 2 x 5 year renewal option in the Bunyip Branch lease agreement. As a result the lease liability, make-good provision and right of use asset were remeasured to reflect the reduction in lease term. As a result of the remeasurement an accounting gain was recognised.

Note 9. Expenses

Depreciation and amortisation expense

	2022 \$	2021 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	12,931	5,415
Plant and equipment	733	575
Motor vehicles	241	2,022
	<u>13,905</u>	<u>8,012</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>12,881</u>	<u>14,075</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,202	2,206
Franchise renewal fee	11,017	11,020
	<u>13,219</u>	<u>13,226</u>
	<u>40,005</u>	<u>35,313</u>

Finance costs

	2022 \$	2021 \$
Lease interest expense	7,944	9,693
Unwinding of make-good provision	805	789
	<u>8,749</u>	<u>10,482</u>

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

Employee benefits expense

	2022 \$	2021 \$
Wages and salaries	270,483	279,806
Non-cash benefits	466	3,990
Superannuation contributions	36,862	28,363
Expenses related to long service leave	5,621	2,784
Other expenses	34,660	35,298
	<u>348,092</u>	<u>350,241</u>

Accounting policy for employee benefits

Bendigo Bank seconded 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. Only one employee is employed directly by the company.

Notes to the financial statements (continued)

Note 9. Expenses (continued)

Leases recognition exemption

	2022 \$	2021 \$
Expenses relating to low-value leases	<u>6,685</u>	<u>6,568</u>

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 10. Income tax

	2022 \$	2021 \$
<i>Income tax expense/(benefit)</i>		
Movement in deferred tax	17,457	(915)
Under/over adjustment	(128)	-
Reduction in company tax rate	-	1,233
Recoupment of prior year tax losses	<u>3,882</u>	<u>(7,482)</u>
Aggregate income tax expense/(benefit)	<u>21,211</u>	<u>(7,164)</u>
<i>Prima facie income tax reconciliation</i>		
Profit/(loss) before income tax (expense)/benefit	<u>85,191</u>	<u>(32,405)</u>
Tax at the statutory tax rate of 25% (2021: 26%)	21,298	(8,425)
Tax effect of:		
Non-deductible expenses	41	28
Reduction in company tax rate	<u>-</u>	<u>1,233</u>
Under/over adjustment	<u>21,339</u>	<u>(7,164)</u>
	<u>(128)</u>	<u>-</u>
Income tax expense/(benefit)	<u>21,211</u>	<u>(7,164)</u>

	2022 \$	2021 \$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	720	-
Lease liabilities	3,407	62,792
Provision for lease make good	8,063	5,592
Accrued expenses	-	811
Income accruals	(74)	(169)
Right-of-use assets	-	(38,642)
Carried-forward tax losses	<u>1,203</u>	<u>446</u>
Deferred tax asset	<u>13,319</u>	<u>30,830</u>

	2022 \$	2021 \$
Income tax refund due	<u>1,508</u>	<u>9,371</u>

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.

Notes to the financial statements (continued)

Note 10. Income tax (continued)

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 11. Cash and cash equivalents

	2022 \$	2021 \$
Cash at bank and on hand	77,841	68,790
Term deposits	168,547	167,512
	<u>246,388</u>	<u>236,302</u>

Accounting policy for cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 12. Trade and other receivables

	2022 \$	2021 \$
Trade receivables	44,309	16,837
Accrued income	295	674
Prepayments	-	6,272
	<u>295</u>	<u>6,946</u>
	<u>44,604</u>	<u>23,783</u>

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.

Notes to the financial statements (continued)

Note 13. Property, plant and equipment

	2022 \$	2021 \$
Leasehold improvements - at cost	216,603	216,603
Less: Accumulated depreciation	<u>(87,385)</u>	<u>(74,454)</u>
	129,218	142,149
Motor vehicles - at cost	-	35,172
Less: Accumulated depreciation	<u>-</u>	<u>(29,101)</u>
	-	6,071
Plant and equipment - at cost	9,769	9,769
Less: Accumulated depreciation	<u>(5,616)</u>	<u>(4,883)</u>
	4,153	4,886
	<u>133,371</u>	<u>153,106</u>

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	147,564	5,461	8,093	161,118
Depreciation	<u>(5,415)</u>	<u>(575)</u>	<u>(2,022)</u>	<u>(8,012)</u>
Balance at 30 June 2021	142,149	4,886	6,071	153,106
Disposals	-	-	(5,830)	(5,830)
Depreciation	<u>(12,931)</u>	<u>(733)</u>	<u>(241)</u>	<u>(13,905)</u>
Balance at 30 June 2022	<u>129,218</u>	<u>4,153</u>	<u>-</u>	<u>133,371</u>

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	17 years
Plant and equipment	6 to 7 years
Motor vehicles	4 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 Bunyip branch leasehold improvements. The useful life had previously been assessed as 40 years until September 2047. This is now expected to be 17 years until June 2024. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 \$	2023 \$	2024 \$	2025 \$	2026+ \$
(Decrease) increase in depreciation expense	7,516	7,516	7,516	7,516	(30,064)

Notes to the financial statements (continued)

Note 14. Right-of-use assets

	2022 \$	2021 \$
Land and buildings - right-of-use	213,284	354,971
Less: Accumulated depreciation	<u>(213,284)</u>	<u>(200,403)</u>
	<u>-</u>	<u>154,568</u>

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

	Land and buildings \$	Total \$
Balance at 1 July 2020	171,995	171,995
Remeasurement adjustments	(3,352)	(3,352)
Depreciation expense	<u>(14,075)</u>	<u>(14,075)</u>
Balance at 30 June 2021	154,568	154,568
Remeasurement adjustments	(141,687)	(141,687)
Depreciation expense	<u>(12,881)</u>	<u>(12,881)</u>
Balance at 30 June 2022	<u>-</u>	<u>-</u>

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 and remeasurement adjustment.

Note 15. Intangibles

	2022 \$	2021 \$
Franchise fee	90,239	90,239
Less: Accumulated amortisation	<u>(90,239)</u>	<u>(88,037)</u>
	-	2,202
Franchise renewal fee	55,093	55,093
Less: Accumulated amortisation	<u>(55,093)</u>	<u>(44,076)</u>
	-	11,017
	<u>-</u>	<u>13,219</u>

Notes to the financial statements (continued)

Note 15. 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	4,408	22,037	26,445
Amortisation expense	(2,206)	(11,020)	(13,226)
Balance at 30 June 2021	2,202	11,017	13,219
Amortisation expense	(2,202)	(11,017)	(13,219)
Balance at 30 June 2022	-	-	-

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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	September 2022
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2022

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

Change in estimates

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

Note 16. Trade and other payables

	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade payables	3,707	6,259
Other payables and accruals	15,563	34,205
	<u>19,270</u>	<u>40,464</u>

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.

Notes to the financial statements (continued)

Note 17. Lease liabilities

	2022 \$	2021 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	13,800	27,600
Unexpired interest	(171)	(8,585)
	<u>13,629</u>	<u>19,015</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	-	276,000
Unexpired interest	-	(43,848)
	<u>-</u>	<u>232,152</u>
<i>Reconciliation of lease liabilities</i>		
	2022 \$	2021 \$
Opening balance	251,167	276,695
Remeasurement adjustments	(220,182)	(7,621)
Lease interest expense	7,944	9,693
Lease payments - total cash outflow	(25,300)	(27,600)
	<u>13,629</u>	<u>251,167</u>
<i>Maturity analysis</i>		
	2022 \$	2021 \$
Not later than 12 months	13,800	27,600
Between 12 months and 5 years	-	110,400
Greater than 5 years	-	165,600
	<u>13,800</u>	<u>303,600</u>

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.

Notes to the financial statements (continued)

Note 17. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Bunyip branch The lease agreement commenced in July 2007. A 5 year renewal option was exercised in July 2017. The company has 2 x 5 year renewal option available which for AASB 16: Leases purposes they are not reasonably certain to exercise. The lease agreement is currently on a month-by-month basis for 6 months. As such, the lease term end date used in the calculation of the lease liability is December 2022. The discount rate used in calculations is 4.29%.

Remeasurement adjustments

The company is no longer reasonably certain to exercise the extension options available for the Bunyip branch. The lease agreement has instead changed to a month by month basis until December 2022. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred on 30 June 2022.

Note 18. Employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	1,965	-
<i>Non-current liabilities</i>		
Long service leave	913	-

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.

Notes to the financial statements (continued)

Note 18. Employee benefits (continued)

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 \$
<i>Current liabilities</i>		
Lease make good	32,253	-
<i>Non-current liabilities</i>		
Lease make good	-	22,368
<i>Reconciliation of lease make good provision</i>		
	2022 \$	2021 \$
Balance at the beginning	22,368	17,311
Present value unwinding	805	789
Provision remeasurements	9,080	4,268
	<u>32,253</u>	<u>22,368</u>

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 \$33,000 for the Bunyip 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. Upon future lease options not being exercised and the lease transitioning to a month-by-month basis, the provision was remeasured to its current value if the lease is to expire in December 2022.

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	675,009	675,009	675,009	675,009
Less: Equity raising costs	-	-	(18,965)	(18,965)
	<u>675,009</u>	<u>675,009</u>	<u>656,044</u>	<u>656,044</u>

Notes to the financial statements (continued)

Note 20. Issued capital (continued)

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").

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.

Notes to the financial statements (continued)

Note 20. Issued capital (continued)

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	(348,864)	(323,623)
Profit/(loss) after income tax (expense)/benefit for the year	<u>63,980</u>	<u>(25,241)</u>
Accumulated losses at the end of the financial year	<u>(284,884)</u>	<u>(348,864)</u>

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.

Notes to the financial statements (continued)

Note 23. Dividends (continued)

Franking credits

	2022 \$	2021 \$
Franking account balance at the beginning of the financial year	13,689	12,770
Franking credits (debits) arising from income taxes paid (refunded)	(4,162)	919
	<u>9,527</u>	<u>13,689</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	9,527	13,689
Franking credits (debits) that will arise from payment (refund) of income tax	(1,508)	(8,587)
Franking credits available for future reporting periods	<u>8,019</u>	<u>5,102</u>

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Note 24. Financial instruments

	2022 \$	2021 \$
Financial assets		
Trade and other receivables	44,604	23,783
Cash and cash equivalents	246,388	236,302
	<u>290,992</u>	<u>260,085</u>
Financial liabilities		
Trade and other payables	19,270	40,464
Lease liabilities	13,629	251,167
	<u>32,899</u>	<u>291,631</u>

Accounting policy for financial instruments

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

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

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.

Notes to the financial statements (continued)

Note 24. Financial instruments (continued)

Market risk

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

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of \$246,388 at 30 June 2022 (2021: \$236,302). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

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

Liquidity risk

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

Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2022				
Non-derivatives				
Trade and other payables	19,270	-	-	19,270
Lease liabilities	13,800	-	-	13,800
Total non-derivatives	<u>33,070</u>	<u>-</u>	<u>-</u>	<u>33,070</u>
2021				
Non-derivatives				
Trade and other payables	40,464	-	-	40,464
Lease liabilities	27,600	110,400	165,600	303,600
Total non-derivatives	<u>68,064</u>	<u>110,400</u>	<u>165,600</u>	<u>344,064</u>

Notes to the financial statements (continued)

Note 25. Key management personnel disclosures

The following persons were directors of Bunyip & District Community Enterprises Limited during the financial year:

Barry Kenneth Crees	Joshua David Murnane Busuttill
James Joseph Fitzpatrick	Vanessa Clare Kent
Christine Anne Kelly	Stephen Douglas Green
Neil Michael Matthews	Leanne Maree James
Christopher James Rieniets	Shae Ardell Ford
Paul Anthony Scanlon	

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 \$
<i>Audit services</i>		
Audit or review of the financial statements	5,200	5,000
<i>Other services</i>		
General advisory services	1,880	2,460
	<u>7,080</u>	<u>7,460</u>

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	63,980	(25,241)
Adjustments for:		
Depreciation and amortisation	40,005	35,313
Net gain on disposal of non-current assets	(74,948)	-
Lease liabilities interest	7,944	9,693
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(20,821)	11,571
Decrease in income tax refund due	7,863	-
Decrease/(increase) in deferred tax assets	17,511	(7,142)
Increase/(decrease) in trade and other payables	(7,147)	8,940
Increase in employee benefits	2,878	-
Increase in other provisions	804	789
Net cash provided by operating activities	<u>38,069</u>	<u>33,923</u>

Notes to the financial statements (continued)

Note 29. Earnings per share

	2022 \$	2021 \$
Profit/(loss) after income tax	<u>63,980</u>	<u>(25,241)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>675,009</u>	<u>675,009</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>675,009</u>	<u>675,009</u>
	Cents	Cents
Basic earnings per share	9.48	(3.74)
Diluted earnings per share	9.48	(3.74)

Accounting policy for earnings per share

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

The company is continuing to inquire on potential sales of the revenue rights associated with Bunyip & District Community Enterprises Limited with other Community Banks. 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



Barry Kenneth Crees
Chair

28 September 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 Bunyip & District Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bunyip & District Community Enterprises Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Bunyip & District Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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





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Material uncertainty related to going concern

Without modifying our opinion, we draw attention to Note 2 of the financial report, which discloses the following:

- The company is currently inquiring on potential sales of the revenue rights associated with Bunyip & District Community Enterprises Limited with other Community Banks.
- Any sale would be subject to approval from shareholders and Bendigo Bank.
- If a sale of the revenue rights was arranged, it would subsequently result in the wind up of the company.

At the time of signing this report no arrangements had been entered into and the company is continuing its policy of facilitating banking services to the community, therefore the Board have concluded the going concern basis is appropriate. However the above conditions does indicate the existence of a material uncertainty over future trading of the company and 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: 28 September 2022

Adrian Downing
Lead Auditor

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