Annual Report 2022

Calliope & District Enterprises Limited

Community Bank
Calliope and Gladstone

ABN 71 133 571 061

Contents

Chair’s report

For year ending 30 June 2022

On behalf of the Directors, I am pleased to present to you the Calliope and District Enterprises Limited 14th Annual report, for the financial year 2021-22. A huge vote of thanks to all our customers, shareholders and staff for supporting our Community Bank Calliope and Gladstone in another difficult year.

Our purchase of the Gladstone branch of Bendigo Bank has broadened our community footprint and is contributing to the profitability of the Calliope and District Enterprises Limited. This financial year has seen a profit of $114,947 and a declared dividend of 6.5 cents in October 2021 for our shareholders. We anticipate another dividend to be declared this year.

The Calliope Branch Manager Joanna Lumley continues on maternity leave, and we have appointed Val Grace as acting Senior Bank Manager until Joanna returns. Val has been working exceptionally hard with both branches to supervise as well as writing business to maintain profitability. She has been assisted by our other friendly staff, ensuring that our customers are receiving the same personal care that we expect.

Despite the long lockdown from July to December 2021, we have had many requests for sponsorship and grants, and for the last financial year have granted a total of $265,274 to 48 local entities. In addition, we provided university scholarships totalling $27,500 to local students. Many of those sponsored activities and people can be seen in our newsletter.

The Bendigo Bank Community Bank model began in the late 1990’s when many small communities were left without banking services as banks had left over time.. The Bendigo Bank Community Bank model made it possible for communities to have banking that is owned by the community shareholders and feeds into the community – volunteer Directors take responsibility for overseeing the Community Bank, Bendigo Bank provides the financial services, and the profits go to shareholders and to local projects that help build the community.

Jo Hill
Chair

Senior Manager’s report

For year ending 30 June 2022

Welcome

Acknowledgement of country

We acknowledge the Aboriginal people as the Traditional Owners of this land,
and we pay our respects to Elders past and present.

My sincere thanks to everyone for their support as I have returned to my role after four years to manage both Community Bank Calliope and Gladstone branches. As a Senior Branch Manager and the sole Lender in both branches has had its challenges, with the Retirement of John Wessling, whom will be thoroughly missed. The previous Branch Manager of Calliope remains on extended maternity leave, and we remain positive and passionate about our roles. What really matters is the impact we have had on our team, customers and community this is sometimes hard to measure.

While we continue to see a large amount of loan discharges through sales, the housing market has been steadily rising over the last six months, so we have been able to gain our share of new lending, partially due to New to Bank enquiries, with the closing of another local financial institution, and referrals from existing customers. However, with the interest rates rising customers are reluctant to purchase higher value homes so the year is leaving us with the following:

	Calliope	Gladstone	Total
Lending book balance	$39,168,213	$38,249,900	$77,418,113
Deposit book balance	$76,191,155	48,376,960	$124,568,115

Branch deposits have had a boost this year and is fantastic to see with the interest rate rising and a focus on new deposit funds showing an improvement. The Gladstone branch has always been reasonably strong in this category.

We take this opportunity to thank our teams who worked tirelessly throughout the year to meet our customers’ requirements and to our customers for the faith and trust they put in us to achieve their financial goals.

Our team of staff include Natasha Chequer-Edwards, Tania Vaiente, Liz Edwards, Tami Young, Shania McNicol, Ken Sasaki and Shari Crombie.

We also like to thank the Board of Directors for working with us. They have volunteered their services and expertise to not only make us the successful local business we are today, but also their contribution towards improving community infrastructure, providing facilities that other communities.

Val Grace
Senior Branch Manager Calliope / Gladstone

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Martha Jo Hill

Title:	Chair
Experience and expertise:	Registered nurse for 36 years, manager grazing/stud enterprise, Bachelor of Arts/Nursing. Secretary, Treasurer Calliope Rural Fire Brigade, Manager beef section Mt Larcom & District Show Society.
Special responsibilities:	Sponsorship Committee

Mark Matthew Larney

Title:	Non-executive director
Experience and expertise:	MBA, Bachelor of Business (Accounting and Banking & Finance), Local Government Certificate. 25 Years in a managerial role in Local Government. Over 25 years active involvement in a range of community groups holding many offices. Currently President of the Calliope Men's Bowls Club and the Gladstone Branch of the Australian Native Bee Association and Secretary of the Port Curtis District Men's Bowls Association.
Special responsibilities:	Treaurer

Amanda Jane Gibbs

Title:	Non-executive director
Experience and expertise:	Business Owner, Justice of the Peace (38 years), Director (over 14 years)
Special responsibilities:	Deputy Chair, Scholarship Committee

Francis James McKee

Title:	Non-executive director
Experience and expertise:	Born in 1948, Francis is a semi-retired Mechanic/Grazier, still having interests in his mechanical repair business as well his rural property. He has been involved with P&C, Progress and sporting committees, and is still involved with community affairs, including the Rural Fire Service and is also involved in the proposed Boyne Burnett Inland Rail Trail.
Special responsibilities:	Nil

Allison May Totorica

Title:	Non-executive director
Experience and expertise:	Accountant (Taxation, Bookkeeping, Accounting). Bachelor of Accounting (CQU). JP (Qual). Provisional Chartered Accountant with CA Australia. Public accountant with Institute of Public Accountants. Over 20 years accounting experience in small business and specialising in taxation. Currently Treasurer of the Gladstone Women's Health Centre.
Special responsibilities:	Secretary

Directors (continued)

Jennifer Ann McGuire

Title:	Non-executive director (appointed 1 February 2022)
Experience and expertise:	Jennifer McGuire has worked in large industry leadership positions for over 25 years since graduating university with a Bachelor of International Business majoring in Economics, and further study in Advanced Diplomas in Project Management, Export Management and Frontline Management to ensure she stayed on the top of her game and progressed her career. She has been recognised with the Australian Institute of Management's Manager of the Year and Rio Tinto Global Leadership Talent awards. In addition to being the author of her true story, a book called - Corporate Storm - A whistleblower's fight for justice through entrenched corruption. Jen is very active in her community beyond volunteering to help at her children's sports. She has been a management committee member of Australia's biggest family fishing competition the Boyne Tannum HookUp for 7 years, was President for 6 of these and is now a Life Member. She is an active member of Zonta International's Club of Gladstone by contributing to the advocacy sub-committee, and volunteers at Not for Profit (NFP) House by helping community organisations across the Gladstone Region.
Special responsibilities:	Nil

Rebecca Jane Gibbs-Willis

Title:	Non-executive director (resigned 7 May 2022)
Experience and expertise:	Rebecca currently works as a Works Planner for Local Government and runs a building and construction business with her husband. She operates a Brangus (cattle) breeding enterprise with her family. Plays Oztag and Netball.
Special responsibilities:	Nil

Anthony Robert Williams

Title:	Non-executive director (resigned 7 June 2022)
Experience and expertise:	Current Director and President Elect of Rotary of Gladstone. Founding & Committee member of Sunshine Coast Motor Sport Club. Previous occupations - Hospitality - Bar Tending & Floor Management. Retail - Liquor sales. Trades Assistant - Roofing (Asphalt and Winter proofing). Mechanic - Engine rebuilds, Chassis Tuning. Employment Skills - Marketing & Negotiation, Creative Writing skills & People Management.
Special responsibilities:	Social Media, Funding

Robin Gerard Williams

Title:	Non-executive director (resigned 1 February 2022)
Experience and expertise:	Was a manager at Gladstone Marina, has a Master of Business Administration from C.Q University, and is currently self employed.
Special responsibilities:	Chair Finance Funding Committee

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

Company secretary

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

- Allison Totorica was appointed company secretary on 5 April 2022.
- Michelle Coombes was appointed as interim company secretary on 1 March 2022 and ceased on 5 April 2022.
- Robin Gerard Williams was appointed company secretary on 17 November 2015 and ceased on 1 February 2022.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to $114,947 (30 June 2021: $55,261).

Operations have continued to perform in line with expectations.

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	2022 $
Fully franked dividend of 6.5 cents per share (2021: 6 cents)	55,900

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

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

Meetings of directors

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

	Board	
	Eligible	Attended
Martha Jo Hill	11	11
Mark Matthew Larney	11	10
Amanda Jane Gibbs	11	8
Francis James McKee	11	10
Allison May Totorica	11	5
Jennifer Ann McGuire	4	4
Rebecca Jane Gibbs-Willis	9	7
Anthony Robert Williams	10	2
Robin Gerard Williams	6	3

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 $
Martha Jo Hill	2,000	-	2,000
Mark Matthew Larney	24,501	-	24,501
Amanda Jane Gibbs	2,501	-	2,501
Francis James McKee	1,000	-	1,000
Allison May Totorica	-	-	-
Jennifer Ann McGuire	-	-	-
Rebecca Jane Gibbs-Willis	500	-	500
Anthony Robert Williams	-	-	-
Robin Gerard Williams	5,000	-	5,000

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. The company has not provided any insurance for an auditor of the company or a related body corporate.

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 25 to the accounts.

Non-audit services (continued)

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

Mark Matthew Larney
Director

20 September 2022

Auditor's independence declaration

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 Calliope & District Enterprises Limited

As lead auditor for the audit of Calliope & District 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 20 September 2022

Adrian Downing
Lead Auditor

Financial statements

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

	Note	2022 $	2021 $
Revenue from contracts with customers	6	1,668,578	1,430,764
Other revenue	7	45,000	47,917
Finance revenue		2,172	4,748
Employee benefits expense	8	(809,527)	(722,381)
Advertising and marketing costs		(40,471)	(15,586)
Occupancy and associated costs		(53,683)	(37,570)
System costs		(62,522)	(37,149)
Depreciation and amortisation expense	8	(169,091)	(121,364)
Finance costs	8	(32,813)	(32,521)
General administration expenses		(115,441)	(141,053)
Profit before community contributions and income tax expense		**432,202**	**375,805**
Charitable donations and sponsorships expense		(265,274)	(294,912)
Profit before income tax expense		**166,928**	**80,893**
Income tax expense	9	(51,981)	(25,632)
Profit after income tax expense for the year	**19**	**114,947**	**55,261**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**114,947**	**55,261**
		Cents	**Cents**
Basic earnings per share	27	13.37	6.43
Diluted earnings per share	27	13.37	6.43

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

Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	631,732	501,573
Trade and other receivables	11	102,592	89,356
Total current assets		**734,324**	**590,929**
Non-current assets			
Property, plant and equipment	12	73,376	76,371
Right-of-use assets	13	957,138	641,453
Intangibles	14	309,088	362,351
Deferred tax assets	9	6,791	682
Total non-current assets		**1,346,393**	**1,080,857**
Total assets		**2,080,717**	**1,671,786**
Liabilities			
Current liabilities			
Trade and other payables	15	58,085	46,168
Lease liabilities	16	64,123	85,733
Current tax liabilities	9	36,430	4,814
Total current liabilities		**158,638**	**136,715**
Non-current liabilities			
Trade and other payables	15	65,092	97,641
Lease liabilities	16	902,367	531,344
Provisions	17	46,366	56,879
Total non-current liabilities		**1,013,825**	**685,864**
Total liabilities		**1,172,463**	**822,579**
Net assets		**908,254**	**849,207**
Equity			
Issued capital	18	832,020	832,020
Retained earnings	19	76,234	17,187
Total equity		**908,254**	**849,207**

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		832,020	13,526	845,546
Profit after income tax expense		-	55,261	55,261
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	55,261	55,261
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(51,600)	(51,600)
Balance at 30 June 2021		**832,020**	**17,187**	**849,207**
Balance at 1 July 2021		832,020	17,187	849,207
Profit after income tax expense		-	114,947	114,947
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	114,947	114,947
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(55,900)	(55,900)
Balance at 30 June 2022		**832,020**	**76,234**	**908,254**

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

Statement of Cash Flows
for the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,872,194	1,595,063
Payments to suppliers and employees (inclusive of GST)		(1,509,151)	(1,367,013)
		363,043	228,050
Interest received		2,172	4,748
Income taxes paid		(26,474)	(37,853)
Net cash provided by operating activities	**26**	**338,741**	**194,945**
Cash flows from investing activities			
Payments for property, plant and equipment		(6,894)	(3,467)
Payments for intangibles		(29,587)	(279,587)
Net cash used in investing activities		**(36,481)**	**(283,054)**
Cash flows from financing activities			
Dividends paid	21	(55,900)	(51,600)
Repayment of lease liabilities	16	(116,201)	(95,449)
Net cash used in financing activities		**(172,101)**	**(147,049)**
Net increase/(decrease) in cash and cash equivalents		130,159	(235,158)
Cash and cash equivalents at the beginning of the financial year		501,573	736,731
Cash and cash equivalents at the end of the financial year	**10**	**631,732**	**501,573**

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 Calliope & District 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:

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 20 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.

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Note 3. Significant accounting policies (continued)

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.

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.

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

Other intangible assets

Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

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

Lease make good provision

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

Note 5. Economic dependency

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

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

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

Note 5. Economic dependency (continued)

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	1,445,383	1,250,176
Fee income	120,140	103,226
Commission income	103,055	77,362
Revenue from contracts with customers	**1,668,578**	**1,430,764**

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

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

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

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

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

Revenue calculation

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

Note 6. Revenue from contracts with customers (continued)

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Market development fund	45,000	42,917
Cash flow boost	-	5,000
Other revenue	**45,000**	**47,917**

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

Note 7. Other revenue (continued)

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

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	6,300	4,561
Plant and equipment	2,925	2,771
	9,225	**7,332**
Depreciation of right-of-use assets		
Leased land and buildings	**106,603**	**77,885**
Amortisation of intangible assets		
Franchise fee	4,044	3,552
Franchise establishment fee	14,000	8,167
Franchise renewal fee	10,219	11,928
Domiciled customer accounts	25,000	12,500
	53,263	**36,147**
	169,091	**121,364**

Note 8. Expenses (continued)

Finance costs

	2022 $	2021 $
Lease interest expense	30,080	30,606
Unwinding of make-good provision	2,733	1,915
	32,813	**32,521**

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	652,089	602,183
Superannuation contributions	71,726	60,006
Expenses related to long service leave	6,993	9,666
Other expenses	78,719	50,526
	809,527	**722,381**

Accounting policy for employee benefits

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

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**29,849**	**15,873**

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.

Charitable donations, sponsorships and grants

	2022 $	2021 $
Direct donation, sponsorship and grant payments	220,754	92,280
Contribution to the Community Enterprise Foundation™	89,474	194,871
	310,228	**287,151**

Note 8. Expenses (continued)

	2022 $	2021 $
Disaggregation of CEF funds		
Opening balance	357,349	195,528
Contributions paid in	89,474	194,871
Grants paid out	(37,500)	(25,000)
Interest received	1,984	1,160
Management fees incurred	(4,473)	(9,210)
Balance available for distribution	**406,834**	**357,349**

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	58,090	30,038
Movement in deferred tax	(6,109)	(4,433)
Reduction in company tax rate	-	27
Aggregate income tax expense	**51,981**	**25,632**
Prima facie income tax reconciliation		
Profit before income tax expense	166,928	80,893
Tax at the statutory tax rate of 25% (2021: 26%)	41,732	21,032
Tax effect of:		
Non-deductible expenses	10,249	5,873
Non-assessable income	-	(1,300)
Reduction in company tax rate	-	27
Income tax expense	**51,981**	**25,632**

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(6,591)	(6,897)
Provision for lease make good	11,592	14,220
Accrued expenses	425	425
Income accruals	(972)	(972)
Lease liabilities	241,622	154,269
Right-of-use assets	(239,285)	(160,363)
Deferred tax asset	**6,791**	**682**

	2022 $	2021 $
Provision for income tax	**36,430**	**4,814**

Note 9. Income tax (continued)

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	158,846	100,826
Term deposits	472,886	400,747
	631,732	**501,573**

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 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	86,331	79,608
Accrued income	3,889	3,889
Prepayments	12,372	5,859
	16,261	**9,748**
	102,592	**89,356**

Note 11. Trade and other receivables (continued)

Accounting policy for trade and other receivables

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	178,564	176,070
Less: Accumulated depreciation	(117,783)	(113,084)
	60,781	**62,986**
Plant and equipment - at cost	78,331	76,196
Less: Accumulated depreciation	(65,736)	(62,811)
	12,595	**13,385**
	73,376	**76,371**

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2020	67,547	12,690	80,237
Additions	-	3,466	3,466
Depreciation	(4,561)	(2,771)	(7,332)
Balance at 30 June 2021	**62,986**	**13,385**	**76,371**
Additions	4,759	2,135	6,894
Disposals	(664)	-	(664)
Depreciation	(6,300)	(2,925)	(9,225)
Balance at 30 June 2022	**60,781**	**12,595**	**73,376**

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	4 to 20 years
Plant and equipment	1 to 40 years

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

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

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

Note 12. Property, plant and equipment (continued)

Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

The company's review of estimates resulted in changes in the useful life of Calliope Branch leasehold improvements. The useful life had previously been assessed as 40 years until March 2049. This is now expected to be 20 years until March 2029. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 $	2023 $	2024 $	2025 $	2026+ $
(Decrease) increase in depreciation expense	1,524	1,524	1,524	1,524	(6,096)

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	1,189,048	766,760
Less: Accumulated depreciation	(231,910)	(125,307)
	957,138	**641,453**

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 $
Balance at 1 July 2020	492,733
Additions	279,808
Remeasurement adjustments	(53,203)
Depreciation expense	(77,885)
Balance at 30 June 2021	**641,453**
Remeasurement adjustments	422,288
Depreciation expense	(106,603)
Balance at 30 June 2022	**957,138**

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 16 for more information on lease arrangements.

Note 14. Intangibles

	2022 $	2021 $
Domiciled customer accounts	275,745	275,745
Less: Impairment	(63,245)	(38,245)
	212,500	**237,500**
Franchise fee	45,366	45,366
Less: Accumulated amortisation	(31,546)	(27,502)
	13,820	**17,864**
Franchise renewal fee	126,826	126,826
Less: Accumulated amortisation	(91,891)	(81,672)
	34,935	**45,154**
Establishment fee	170,000	170,000
Less: Accumulated amortisation	(122,167)	(108,167)
	47,833	**61,833**
	309,088	**362,351**

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

	Domiciled customer accounts $	Franchise fee $	Establishment fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	-	8,490	-	42,448	50,938
Additions	250,000	20,219	70,000	51,096	391,315
Disposals	-	(7,293)	-	(36,462)	(43,755)
Amortisation expense	(12,500)	(3,552)	(8,167)	(11,928)	(36,147)
Balance at 30 June 2021	**237,500**	**17,864**	**61,833**	**45,154**	**362,351**
Amortisation expense	(25,000)	(4,044)	(14,000)	(10,219)	(53,263)
Balance at 30 June 2022	**212,500**	**13,820**	**47,833**	**34,935**	**309,088**

Additions

During the previous financial year, Calliope and Gladstone (Kin Kora) franchise fees were renewed. Both are to be amortised over five years to October 2025.

In the previous year the company also purchased the Kin Kora Branch customer list from Bendigo Bank for $250,000. This purchase included rights in relation to the income stream from its loans, deposits and other revenue generating business. This asset is being amortised over ten years.

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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 and customer accounts purchased by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

Note 14. Intangibles (continued)

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise establishment fee	Straight-line	Over the franchise term (5 years)	October 2025
Franchise fee	Straight-line	Over the franchise term (5 years)	October 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	October 2025
Domiciled customer accounts	Straight-line	Over 10 years	December 2031

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

Change in estimates

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

Note 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	20,057	17,614
Other payables and accruals	38,028	28,554
	58,085	**46,168**
Non-current liabilities		
Other payables and accruals	**65,092**	**97,641**

Accounting policy for trade and other payables

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

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

Note 16. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	111,563	115,424
Unexpired interest	(47,440)	(29,691)
	64,123	**85,733**
Non-current liabilities		
Land and buildings lease liabilities	1,147,223	675,784
Unexpired interest	(244,856)	(144,440)
	902,367	**531,344**

Note 16. Lease liabilities (continued)

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	617,077	493,499
Additional lease liabilities recognised	-	241,624
Remeasurement adjustments	435,534	(53,203)
Lease interest expense	30,080	30,606
Lease payments - total cash outflow	(116,201)	(95,449)
	966,490	**617,077**

Maturity analysis

	2022 $	2021 $
Not later than 12 months	111,563	115,424
Between 12 months and 5 years	469,584	327,531
Greater than 5 years	677,639	348,253
	1,258,786	**791,208**

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 not to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

The company's lease portfolio includes:

Calliope branch	The lease agreement commenced in March 2019 for an initial term of 5 years. The lease has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is February 2034. The discount rate used in calculations is 5.39%.

Note 16. Lease liabilities (continued)

Gladstone branch (Kin Kora)	The company took over the lease for the branch in December 2020. A 5 year-renewal option was entered into in August 2022. The company has 1 x 5 year renewal option available which, for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is August 2032. The discount rate used in calculations was 4.79%

Remeasurement adjustments

The company has renewed the Gladstone branch lease during the year with an additional 5 year renewal option added to the lease term. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred using the revised lease term end date of 14 August 2032.

Note 17. Provisions

	2022 $	2021 $
Lease make good	**46,366**	**56,879**

Reconciliation of lease make good provision

	2022 $	2021 $
Balance at the beginning	56,879	16,782
Face-value of make good costs recognised	-	38,182
Present value unwinding	2,733	1,915
Provision remeasurements	(13,246)	-
	46,366	**56,879**

During the financial year, the company has re-assessed the estimates and assumptions. The company has prepared further detailed estimates of the expected future costs, the discount rate used in recognising the present value, and the passage of time until settlement has now been extended following the reasonable expectation of exercising an additional lease option.

Lease make good

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated provisions
Calliope	February 2034	$35,000
Gladstone (Kin Kora)	August 2032	$45,000

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 18. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	860,000	860,000	860,000	860,000
Less: Equity raising costs	-	-	(27,980)	(27,980)
	860,000	**860,000**	**832,020**	**832,020**

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 204. As at the date of this report, the company had 248 shareholders (2021: 250 shareholders).

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

Note 18. Issued capital (continued)

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

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

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

Note 19. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	17,187	13,526
Profit after income tax expense for the year	114,947	55,261
Dividends paid (note 21)	(55,900)	(51,600)
Retained earnings at the end of the financial year	**76,234**	**17,187**

Note 20. 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 21. Dividends

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2022 $	2021 $
Fully franked dividend of 6.5 cents per share (2021: 6 cents)	**55,900**	**51,600**

Note 21. Dividends (continued)

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	63,169	43,446
Franking credits (debits) arising from income taxes paid (refunded)	26,474	37,853
Franking debits from the payment of franked distributions	(18,633)	(18,130)
	71,010	**63,169**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	71,010	63,169
Franking credits (debits) that will arise from payment (refund) of income tax	36,430	4,814
Franking credits available for future reporting periods	**107,440**	**67,983**

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%.

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 22. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	90,220	83,497
Cash and cash equivalents	631,732	501,573
	721,952	**585,070**
Financial liabilities		
Trade and other payables	123,177	143,809
Lease liabilities	966,490	617,077
	1,089,667	**760,886**

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.

Note 22. Financial instruments (continued)

Financial risk management

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

Market risk

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

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $631,732 at 30 June 2022 (2021: $501,573). 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.

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	58,085	65,092	-	123,177
Lease liabilities	111,563	469,584	677,639	1,258,786
Total non-derivatives	**169,648**	**534,676**	**677,639**	**1,381,963**

Note 22. Financial instruments (continued)

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	46,168	97,641	-	143,809
Lease liabilities	115,424	327,531	348,253	791,208
Total non-derivatives	**161,592**	**425,172**	**348,253**	**935,017**

Note 23. Key management personnel disclosures

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

Martha Jo Hill
Mark Matthew Larney
Amanda Jane Gibbs
Francis James McKee
Allison May Totorica
Jennifer Ann McGuire
Rebecca Jane Gibbs-Willis
Anthony Robert Williams
Robin Gerard Williams

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 24. Related party transactions

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

Note 25. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	850	600
General advisory services	2,660	5,020
Share registry services	3,537	3,372
	7,047	**8,992**
	12,247	**13,992**

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	114,947	55,261
Adjustments for:		
Depreciation and amortisation	169,091	121,364
Net loss on disposal of non-current assets	664	-
Lease liabilities interest	30,080	30,606
Change in operating assets and liabilities:		
Increase in trade and other receivables	(13,236)	(32,246)
Increase in deferred tax assets	(6,109)	(682)
Increase in trade and other payables	8,955	30,266
Increase/(decrease) in provision for income tax	31,616	(11,539)
Increase in other provisions	2,733	1,915
Net cash provided by operating activities	**338,741**	**194,945**

Note 27. Earnings per share

	2022 $	2021 $
Profit after income tax	**114,947**	**55,261**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	860,000	860,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	**860,000**	**860,000**

	Cents	Cents
Basic earnings per share	13.37	6.43
Diluted earnings per share	13.37	6.43

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Calliope & District 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 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

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

Directors' declaration

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

Mark Matthew Larney
Director

20 September 2022

Independent audit report

AFS
Partners in success
Chartered Accountants

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03 5443 0344

Independent auditor's report to the Directors of Calliope & District Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Calliope & District 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 Calliope & District 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.

AFS
Partners in success
Chartered Accountants

61 Bull Street
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 20 September 2022

Adrian Downing
Lead Auditor

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