Annual Report 2022

Chittering Financial Services Limited

Community Bank Bullsbrook-Ellenbrook and Bindoon

ABN 77 096 017 506

Contents

Chairman's report

For year ending 30 June 2022

Dear Shareholders,

On behalf of the Board, I present the report for the last Financial Year. It's been a period of challenge with COVID-19 having a huge impact on our business, however it appear we are past the worst of the pandemic in Australia.

The government worked hard to keep the economy moving and whilst inflation is now an issue, over the year Chittering Financial Services Limited saw an increase in borrowings which has had a positive result on our business and profitability. With inflation comes interest rate rises which although has slowed new lending we are likely to see an increase in our NET income.

This year Chittering Financial Services Limited achieved a Net Profit of $88,723 allowing for an increased dividend payments of 5c per share.

I'd like to thank our Managers Allen Amor and David Blyton along with our dedicated staff for their hard work through the year. We have focused on developing our team's skills to better support our Managers, each other and become a 'sales focused' team. This is evident in our wonderful customer service, increased business, and the momentum we see through community support and better engagement across our region.

As Chair, I like the Bendigo 'way' we operate. When you enter a branch, our staff always make customers feel most welcome with friendly service and smiles. Something you don't get with many businesses these days.

This year we have had two major milestones. We celebrated Bindoon's 20th birthday with a morning tea and quiz night (filling the Bowling Club to new capacity). Shortly after new signage was installed to compliment the garden improvements at Binda Place.

Chairman's report (continued)

Anne Teti was recognised for her 20 years of service with the company having started with Community Bank Bindoon in late July 2002 before moving to the Community Bank Bullsbrook in August 2002. Over the years she has been an integral part of the Chittering Financial Services group and helped to open the Community Bank Bullsbrook and Ellenbrook branches. Anne is our longest serving team member with a diverse range of skills and knowledge. She is certainly the go-to person for all things banking. Anne is a huge asset to have as part of our business and is always a delightful lady and a remarkable member of the team.

As marketing styles change, we have been more active in social media, focusing on sharing our success in groups and noticeboards across the Swan and Chittering region. Although not entirely measurable, we have found an increase in our brand awareness and engagement from Facebook users.

We have contributed to events and projects within the Shire of Chittering like:

- Taste of Chittering
- Rates Incentive Program
- New business workshops
- Bindoon Mountain Bike Adventure Park Stage 1 and Stage 2.

Our Business Development Manager and Branch Manager have actively been working with Not For Profit and sporting groups resulting in strong relationships and referrer partnerships:

- Football, cricket and netball across Chittering, Bullsbrook and Ellenbrook region
- Dementia Alliance and "Forget-me-not Cafe"
- Soldiers and Sirens (WA Police mental health).

I would like to thank our partners at Bendigo Bank. They play a very important role within our business, and I thank Joe Faraone State Manager, Victoria Quinn Regional Manager and all the staff at Bendigo Bank for their help and guidance through the year.

Our Board, as I mentioned earlier are volunteers. Throughout this year we held many meetings and I thank all Board members for their dedication and hard work. Graham Dore, John Williams, Nicolette Ward, Adrian Clarke and Kylie Hughes. We had two new Directors registered this year. Jonathan (Joc) Dwyer from Bindoon and Craig Seddon from Bullsbrook both with strong business backgrounds.

Our Company Secretary/Admin Manager Nicolette Ward as always deserves special mention for her role. Nicky continues working to improve processes, always available and always willing to help. Thank you, Nicky.

The success of CFS depends on your support. Bendigo Bank offers a wide range of products that stand up well against other banks, so we ask you to bring your banking back to Bendigo through Chittering Financial Services Limited branches in either Bullsbrook-Ellenbrook or Bindoon.

Jeffrey Hollands
Chair

Manager's report

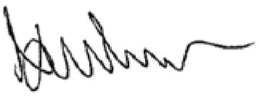
For year ending 30 June 2022

The year has been somewhat challenging with the COVID-19 pandemic still lingering across the country and the rest of the world. Despite that, the housing market has been strong with first home buyers and next home buyers leading the charge as we have continued to see the lowest interest rates in history. This has impacted on our deposit customers with lower returns, however I'm sure they'll benefit soon from the more recent interest rate rises.

The Bullsbrook-Ellenbrook and Bindoon combined business book has reached a solid $216 million, a growth of $17.5 million, which is an outstanding result. This has again produced another year of profitability for our business.

Our Community Bank needs to remain a relevant and sustainable business and our shareholders and customers are extremely important to our future success. Whilst the Bullsbrook branch merger with Ellenbrook branch was disconcerting for some, I'd like to thank you for your continued community support. By consolidating our business, we have been able to reward a better capital return and dividend, along with more community grants and sponsorships being approved.

Whilst there have been a few staff changes at both branches, I am proud of you all for your contributions, commitment, and achievements over the last financial year. Without you and our Board of Directors we wouldn't have the successful business we have today or the prosperity for the future, so thank you.



Allen Amor
Branch Manager
Community Bank Bullsbrook-Ellenbrook and Bindoon

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Jeffrey Robert Hollands

Title:	Non-executive director
Experience and expertise:	Jeffrey is a retired Insurance Broker. Owner and Managing Director of Westcourt General Insurance Brokers, approximately 35 years. Former Rotarian. Has a diploma in Financial Services. Is a citizen of Western Australia and hold a centenary medal and Australian sports medal. Independent of Community Broker Network Pty Ltd owned by ASX Listed Steadfast Ltd, Insight Holdings Pty Ltd and Colima Equities Pty Ltd.
Special responsibilities:	Chair

Nicolette Joy Ward

Title:	Non-executive director
Experience and expertise:	Nicolette is an Executive Administrator. Over a period of 23 years Nicolette has developed a range of business knowledge and skills which she adapts and applies to her role as Company Secretary. Working closely with the branch staff and directors she continues to focus on board governance and business management. Nicolette is the former Chair of CFS, has over 8 years of mortgage experience within banking and broker markets, over 4 years in large and domestic construction industries and been involved in community projects, volunteering in leadership programs within the Swan Valley region.
Special responsibilities:	Company Secretary, all Sub Committees

John Trevor Williams

Title:	Non-executive director
Experience and expertise:	John is a retired Accountant. B. Bus at W.A.I.T and member of the Institute of Chartered Accountants in Australia and New Zealand. Previously employed in a local abattoir, in local and interstate farms, as a shearer and shedhand in the wool industry, as a fettler on the Central Australian Railways and as an accountant for 35 years. John is also the President of the Bindoon Volunteer Bush Fire Brigade, Treasurer of the Chittering Incident Support Brigade and Treasurer of the Bindoon Men's Shed Incorporated. As well as a Member of the Chittering Cancer Support Group and a Board Member of Edmund Rice College.
Special responsibilities:	Treasurer, Finance Committee

Directors (continued)

Graham Dore

Title:	Non-executive director
Experience and expertise:	Prior to retiring to Australia Graham formed and ran a Self-Drive Vehicle Rental Company in 1989 in the UK (which is still operating). From 1980 to 1989 Graham was Managing Director of one of the largest motor parts distributors in the UK. Throughout his career he has always been included in finance and human resources. Graham Dore is Treasurer of the Swan Valley Community Centre and Acting Treasurer at Ellenbrook Community Radio.
Special responsibilities:	Deputy Chair, HR/Legal and Community Contributions Committees

Kylie Michelle Hughes

Title:	Non-executive director
Experience and expertise:	Kylie is a Shire of Chittering Councillor allocated the Natural Environment portfolio. Kylie is a committee member for a number of Local Council, Community, Sporting and Special interest groups in the local area including the following; Muchea Netball Club, Muchea Progress Recreation and Sporting Association, Chittering Valley Land Conservation District Committee (T/A Chittering Landcare), Ellen Brockman Integrated Catchment Committee, Chittering Health Advisory Group, Chittering Community Planning Advisory Group, Muchea Hall Users Group, Shire of Chittering Audit and Risk Committee, Rural Water Council of WA, Chittering Mining Advisory Group, Mid-West. Wheatbelt JDAP, Chittering Community Complex Advisory Group, member of Chittering Tourist Association and Chittering Chamber of Commerce. Previous Employment/ Experience includes News Corporation Australia P/Ltd - Purchasing, Stores and Facilities Manager, Contractor Manager, WorkSafe HSR - Perth Print, Canning Vale Print, Publishing and Distribution Site: 5 Years. BlueScope P/Ltd - PreDespatch Manager, Purchasing Officer, QA Administrator, Retail Products Scheduler, Health and Safety Representative, Contractor Manager, DuPont Certified Safety Supervisor - Formerly Highline Production and Despatch Site, Welshpool WA: 5 Years. Rabbit Photo, Kevron & Halse Photo graphics - Retail Store Manager, Print Lab Manager & Technician, Freelance Photographer: 18 years.
Special responsibilities:	HR/Legal, Finance, Community Contribution, Safety & Marketing Committees

Adrian Clarke

Title:	Non-executive director
Experience and expertise:	Adriam is an Office Assistant/Bookkeeper. Adrian has over 30 years' experience in IT, 18 years of that was at Crown Casino. He has a Diploma of Business, Associate Diploma in IT and Certificate IV in Mental Health and Accounting and Bookkeeping. Adrian is a busy community volunteer, he is Treasurer of the Ellenbrook Lions Club, Finance Manager of the Swan Valley Medieval Fayre Inc, Treasurer of the Ellenbrook & Districts Residents and Ratepayers Association, Board Member of the Ellenbrook Secondary College (ESC), President of the ESC P&C and associated subcommittees. Adrian is a director of a mental health NFP, Centre for Youth Health and Wellbeing Ltd, and a director of Waterhall Super Pty Ltd. He is owner and manager of The Empty Shoe Box. Adrian in his spare time helps organise and run community events like the Lions Christmas Carols and Swan Valley Medieval Fayre.
Special responsibilities:	Finance, Community Contributions, Safety & Marketing Committees

Directors (continued)

Craig Robert Seddon

Title:	Non-executive director (appointed 8 December 2021)
Experience and expertise:	Director of Westcourt Family Business Accountants. Company Secretary of Emu Nest Foundation. Fellow of the Chartered Accountants Australia and New Zealand. Chartered Tax Advisor (The Tax Institute of Australia). Bachelor of Business (major in Accounting & Finance).
Special responsibilities:	Nil

Jonathan James Dwyer

Title:	Non-executive director (appointed 8 December 2021)
Experience and expertise:	Bindoon Ranges, beef cattle production 2000 - current (owner/operator). Bindoon Hill Gravel Supply 2000-2019 (owner/operator). Chittering Chamber of Commerce 2015-2019 (member, Secretary and Vice President). Wholistic Farm Management 2000-2006. Associate Diploma of Applied Science, Project Supervision. Certificate of Building Management, Construction.
Special responsibilities:	Nil

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

Company secretary

The Company secretary is Nicolette Ward. Nicolette was appointed to the position of Company secretary on 2 December 2020.

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 $88,723 (30 June 2021: $77,075).

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 2 cents per share (2021: 2 cents)	9,974

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

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.5 basis points moving from 0.85% at 30 June 2022 to 2.35% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

Matters subsequent to the end of the financial year (continued)

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

Likely developments

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

Environmental regulation

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

Meetings of directors

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

	Board	
	Eligible	Attended
Jeffrey Robert Hollands	12	11
Nicolette Joy Ward	13	13
John Trevor Williams	13	11
Graham Dore	12	10
Kylie Michelle Hughes	13	4
Adrian Clarke	12	11
Craig Robert Seddon	8	7
Jonathan James Dwyer	8	5

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 $
Jeffrey Robert Hollands	2,000	1,000	3,000
Nicolette Joy Ward	-	-	-
John Trevor Williams	-	-	-
Graham Dore	-	-	-
Kylie Michelle Hughes	-	-	-
Adrian Clarke	12,701	3,400	16,101
Craig Robert Seddon	-	-	-
Johnathan James Dwyer	-	-	-

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.

Indemnity and insurance of directors and officers (continued)

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

Jeffrey Robert Hollands
Chair

9 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 Chittering Financial Services Limited

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

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

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

Joshua Griffin
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	1,324,583	1,324,419
Other revenue	7	85,754	175,002
Finance revenue		1,393	1,381
Employee benefits expense	9	(888,529)	(905,821)
Advertising and marketing costs		(23,980)	(11,415)
Occupancy and associated costs		(50,987)	(50,123)
System costs		(49,805)	(75,098)
Depreciation and amortisation expense	9	(82,189)	(110,103)
Finance costs	9	(19,610)	(29,232)
General administration expenses		(162,212)	(177,074)
Loss on disposal of assets	8	-	(34,872)
Profit before community contributions and income tax expense		**134,418**	**107,064**
Charitable donations and sponsorships expense		(15,295)	(12,066)
Profit before income tax expense		**119,123**	**94,998**
Income tax expense	10	(30,400)	(17,923)
Profit after income tax expense for the year	**21**	**88,723**	**77,075**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**88,723**	**77,075**
		Cents	**Cents**
Basic earnings per share	29	17.79	15.45
Diluted earnings per share	29	17.79	15.45

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	11	519,058	464,925
Trade and other receivables	12	138,553	124,442
Total current assets		**657,611**	**589,367**
Non-current assets			
Property, plant and equipment	13	19,530	11,076
Right-of-use assets	14	270,672	259,719
Intangibles	15	131,728	37,062
Deferred tax assets	10	46,668	52,484
Total non-current assets		**468,598**	**360,341**
Total assets		**1,126,209**	**949,708**
Liabilities			
Current liabilities			
Trade and other payables	16	116,280	122,541
Lease liabilities	17	70,292	73,619
Current tax liabilities	10	12,208	2,387
Employee benefits	18	57,871	82,509
Provisions	19	58,376	-
Total current liabilities		**315,027**	**281,056**
Non-current liabilities			
Trade and other payables	16	115,921	-
Lease liabilities	17	271,311	279,942
Employee benefits	18	32,576	24,131
Provisions	19	24,309	76,263
Total non-current liabilities		**444,117**	**380,336**
Total liabilities		**759,144**	**661,392**
Net assets		**367,065**	**288,316**
Equity			
Issued capital	20	495,209	495,209
Accumulated losses	21	(128,144)	(206,893)
Total equity		**367,065**	**288,316**

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 $	Accumulated losses $	Total equity $
Balance at 1 July 2020		495,209	(273,994)	221,215
Profit after income tax expense		-	77,075	77,075
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(9,974)	(9,974)
Balance at 30 June 2021		**495,209**	**(206,893)**	**288,316**
Balance at 1 July 2021		495,209	(206,893)	288,316
Profit after income tax expense		-	88,723	88,723
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(9,974)	(9,974)
Balance at 30 June 2022		**495,209**	**(128,144)**	**367,065**

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)		1,533,113	1,643,168
Payments to suppliers and employees (inclusive of GST)		(1,312,576)	(1,380,484)
		220,537	262,684
Interest received		1,393	1,804
Interest and other finance costs paid		(28)	-
Income taxes paid		(14,763)	(11,316)
Net cash provided by operating activities	**28**	**207,139**	**253,172**
Cash flows from investing activities			
Payments for property, plant and equipment		(12,871)	(5,548)
Payments for intangibles		(35,320)	(35,320)
Payments for right-of-use assets		-	(41,161)
Proceeds from sale of right-of-use assets		-	19,000
Net cash used in investing activities		**(48,191)**	**(63,029)**
Cash flows from financing activities			
Proceeds from lease liabilities		-	26,000
Dividends paid	23	(9,974)	(9,974)
Repayment of lease liabilities	17	(94,841)	(109,282)
Net cash used in financing activities		**(104,815)**	**(93,256)**
Net increase in cash and cash equivalents		**54,133**	**96,887**
Cash and cash equivalents at the beginning of the financial year		464,925	368,038
Cash and cash equivalents at the end of the financial year	**11**	**519,058**	**464,925**

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

Registered office	Principal place of business
1/19 Binda Place, Bindoon WA 6502	1/19 Binda Place, Bindoon WA 6502
	6/38 Main Street, Ellenbrook WA 6069

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

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

Note 2. Basis of preparation and statement of compliance

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

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.

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)

Impairment

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)

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.

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

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

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

Note 5. Economic dependency (continued)

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	1,127,581	1,116,737
Fee income	107,508	120,114
Commission income	89,494	87,568
Revenue from contracts with customers	**1,324,583**	**1,324,419**

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.

Note 6. Revenue from contracts with customers (continued)

Revenue calculation

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Net gain on disposal of property, plant and equipment	-	11,552
Market development fund	52,500	93,753
Cash flow boost	-	37,500
Department of transport	33,254	32,197
Other revenue	**85,754**	**175,002**

Note 7. Other revenue (continued)

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Department of Transport	On provision of services on behalf of the department. Revenue is invoiced monthly in arrears by way of RCTI (recipient created tax invoice) and paid before the end of the following month.
Gain on sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

Note 8. Loss on disposal of assets

	2022 $	2021 $
Loss on disposal of non-current assets	**-**	**34,872**

During the previous financial year the company closed their Bullsbrook Branch. The carrying amount of assets relating to this branch lease have been impaired creating a loss of ROU asset as the assets will no longer generate cash flows from the date of closure.

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	392	131
Plant and equipment	4,025	2,636
	4,417	**2,767**
Depreciation of right-of-use assets		
Leased land and buildings	37,531	54,518
Leased motor vehicles	18,085	15,944
	55,616	**70,462**
Amortisation of intangible assets		
Franchise renewal fee	22,156	36,874
	82,189	**110,103**

Finance costs

	2022 $	2021 $
Lease interest expense	15,762	25,485
Unwinding of make-good provision	3,820	3,747
Other	28	-
	19,610	**29,232**

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	764,118	777,545
Non-cash benefits	14,403	12,827
Superannuation contributions	75,643	71,899
Expenses related to long service leave	(21,205)	11,640
Other expenses	55,570	31,910
	888,529	**905,821**

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**20,304**	**31,894**

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 $
Income tax expense		
Current tax	24,583	15,887
Movement in deferred tax	5,817	(91)
Reduction in company tax rate	-	2,099
Recoupment of prior year tax losses	-	28
Aggregate income tax expense	**30,400**	**17,923**
Prima facie income tax reconciliation		
Profit before income tax expense	119,123	94,998
Tax at the statutory tax rate of 25% (2021: 26%)	29,781	24,699
Tax effect of:		
Non-deductible expenses	619	875
Reduction in company tax rate	-	2,099
Other assessable income	-	(9,750)
Income tax expense	**30,400**	**17,923**

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(14,379)	(16,787)
Employee benefits	22,623	26,660
Provision for lease make good	20,671	19,066
Income accruals	939	-
Lease liabilities	77,132	76,710
Right-of-use assets	(58,172)	(50,913)
Prepayments	(2,146)	(2,252)
Deferred tax asset	**46,668**	**52,484**

	2022 $	2021 $
Provision for income tax	**12,208**	**2,387**

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.

Note 10. Income tax (continued)

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 on hand	309	309
Cash at bank and on hand	507,249	453,116
Term deposits	11,500	11,500
	519,058	**464,925**

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	129,968	113,052
Prepayments	8,585	11,390
	138,553	**124,442**

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 13. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	241,660	241,660
Less: Accumulated depreciation	(240,225)	(239,833)
	1,435	**1,827**
Plant and equipment - at cost	329,028	316,157
Less: Accumulated depreciation	(310,933)	(306,908)
	18,095	**9,249**
	19,530	**11,076**

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2020	-	8,296	8,296
Additions	1,958	3,589	5,547
Depreciation	(131)	(2,636)	(2,767)
Balance at 30 June 2021	**1,827**	**9,249**	**11,076**
Additions	-	12,871	12,871
Depreciation	(392)	(4,025)	(4,417)
Balance at 30 June 2022	**1,435**	**18,095**	**19,530**

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:

Plant and equipment	4 to 5 years
Leasehold improvements	5 years

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

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

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

Changes in estimates

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

Note 14. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	824,268	757,699
Less: Accumulated depreciation	(591,580)	(554,049)
	232,688	**203,650**
Motor vehicles - right-of-use	72,343	72,343
Less: Accumulated depreciation	(34,359)	(16,274)
	37,984	**56,069**
	270,672	**259,719**

Note 14. Right-of-use assets (continued)

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

	Land and buildings $	Motor vehicles $	Total $
Balance at 1 July 2020	375,492	38,300	413,792
Additions	-	41,161	41,161
Remeasurement adjustments	(117,324)	-	(117,324)
Disposals	-	(7,448)	(7,448)
Depreciation expense	(54,518)	(15,944)	(70,462)
Balance at 30 June 2021	**203,650**	**56,069**	**259,719**
Remeasurement adjustments	66,569	-	66,569
Depreciation expense	(37,531)	(18,085)	(55,616)
Balance at 30 June 2022	**232,688**	**37,984**	**270,672**

Accounting policy for right-of-use assets

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangibles

	2022 $	2021 $
Franchise fee	421,848	345,213
Less: Accumulated amortisation	(290,120)	(308,151)
	131,728	**37,062**

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

	Franchise fee $	Total $
Balance at 1 July 2020	73,936	73,936
Amortisation expense	(36,874)	(36,874)
Balance at 30 June 2021	**37,062**	**37,062**
Additions	131,728	131,728
Disposals	(14,906)	(14,906)
Amortisation expense	(22,156)	(22,156)
Balance at 30 June 2022	**131,728**	**131,728**

Additions

During the financial year, Bindoon and Ellenbrook franchise fees were renewed. Both are to be amortised over five years to July 2027.

Note 15. Intangibles (continued)

Disposals

During the financial year, Bullsbrook franchise fee was written off due to closure of the branch.

Accounting policy for intangible assets

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	July 2027

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

Change in estimates

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	2,353	8,881
Other payables and accruals	113,927	113,660
	116,280	**122,541**
Non-current liabilities		
Other payables and accruals	**115,921**	**-**

Accounting policy for trade and other payables

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

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

Note 17. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	64,221	76,111
Unexpired interest	(14,726)	(14,820)
Motor vehicle lease liabilities	21,803	13,825
Unexpired interest	(1,006)	(1,497)
	70,292	**73,619**

Note 17. Lease liabilities (continued)

	2022 $	2021 $
Non-current liabilities		
Land and buildings lease liabilities	295,780	289,384
Unexpired interest	(36,747)	(43,837)
Motor vehicle lease liabilities	12,712	35,834
Unexpired interest	(434)	(1,439)
	271,311	**279,942**

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	353,561	501,007
Additional lease liabilities recognised	-	26,000
Remeasurement adjustments	67,121	(89,649)
Lease interest expense	15,762	25,485
Lease payments - total cash outflow	(94,841)	(109,282)
	341,603	**353,561**

Maturity analysis

	2022 $	2021 $
Not later than 12 months	86,024	89,936
Between 12 months and 5 years	246,880	220,695
Greater than 5 years	61,612	104,523
	394,516	**415,154**

Accounting policy for lease liabilities

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

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

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

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

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

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

Note 17. Lease liabilities (continued)

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:

Bindoon branch	The lease agreement commenced in February 2002. A 5 year renewal option was exercised in July 2022. The company has no renewal options remaining. As such, the lease term end date used in the calculation of the lease liability is July 2027. The discount rate used in calculations is 4.29%.
Ellenbrook Branch	The lease agreement commenced in October 2009. A 5 year renewal option was exercised in October 2018. 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 October 2028. The discount rate used in calculations is 5.39%.
Bullsbrook Branch	During the prior period the company closed its Bullsbrook branch, however continues to pay rent until a new tenant is found or the lease agreement can be terminated. As such the lease liability has been recognised under the current lease agreement terms which ends October 2022. The discount rate used in calculations is 3.54%.
Subaru Lease	The lease agreement is a non-cancellable term of 4 years ending May 2023. The lease includes a balloon payment at which time the registered security over the motor vehicle is removed.
Mazda lease	The lease agreement is a non-cancellable term of 4 years ending May 2025. Upon the final payment the registered security over the motor vehicle is removed.

The company has determined it is now reasonably certain to exercise the extension options available for the Bindoon branch lease due to adding another 5 year option. 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 July 2027.

Note 18. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	55,739	50,727
Long service leave	2,132	31,782
	57,871	**82,509**
Non-current liabilities		
Long service leave	**32,576**	**24,131**

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.

Note 18. Employee benefits (continued)

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 19. Provisions

	2022 $	2021 $
Lease make good	58,376	-
Lease make good	**24,309**	**76,263**

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
Bindoon	July 2027	$27,500
Ellenbrook	October 2028	$44,000
Bullsbrook	October 2022	$29,447

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	498,709	498,709	498,709	498,709
Less: Equity raising costs	-	-	(3,500)	(3,500)
	498,709	**498,709**	**495,209**	**495,209**

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.

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	(206,893)	(273,994)
Profit after income tax expense for the year	88,723	77,075
Dividends paid (note 23)	(9,974)	(9,974)
Accumulated losses at the end of the financial year	**(128,144)**	**(206,893)**

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

Dividends provided for and paid during the period

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 2 cents per share (2021: 2 cents)	**9,974**	**9,974**

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	34,867	27,055
Franking credits (debits) arising from income taxes paid (refunded)	14,762	11,316
Franking debits from the payment of franked distributions	(3,325)	(3,504)
	46,304	**34,867**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	46,304	34,867
Franking credits (debits) that will arise from payment (refund) of income tax	9,708	3,985
Franking credits available for future reporting periods	**56,012**	**38,852**

Note 23. Dividends (continued)

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 24. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	129,968	113,052
Cash and cash equivalents	519,058	464,925
	649,026	**577,977**
Financial liabilities		
Trade and other payables	232,201	122,541
Lease liabilities	341,603	353,561
	573,804	**476,102**

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.

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.

Note 24. Financial instruments (continued)

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 $519,058 at 30 June 2022 (2021: $464,925). 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	116,280	115,921	-	232,201
Lease liabilities	86,024	246,880	61,612	394,516
Total non-derivatives	**202,304**	**362,801**	**61,612**	**626,717**

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	122,541	-	-	122,541
Lease liabilities	89,936	220,695	104,523	415,154
Total non-derivatives	**212,477**	**220,695**	**104,523**	**537,695**

Note 25. Key management personnel disclosures

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

Jeffrey Robert Hollands
Nicolette Joy Ward
John Trevor Williams
Graham Dore
Kylie Michelle Hughes
Adrian Clark
Craig Robert Seddon
Jonathan James Dwyer

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

The following transactions occurred with related parties:

	2022 $	2021 $
The company paid a sponsorship and fees to the Shire of Chittering, of which Kylie Hughes is a Councillor at. The total benefit received was:	-	3,000

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 27. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	1,325	1,300
General advisory services	4,410	3,310
Share registry services	4,231	4,245
	9,966	**8,855**
	15,166	**13,855**

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

	2022 $	2021 $
Profit after income tax expense for the year	88,723	77,075
Adjustments for:		
Depreciation and amortisation	82,189	110,103
Net gain on disposal of non-current assets	-	(11,552)
Lease liabilities interest	15,762	25,485
Change in operating assets and liabilities:		
Increase in trade and other receivables	(14,111)	(7,658)
Decrease in deferred tax assets	5,816	15,772
Increase in trade and other payables	28,158	15,225
Increase in provision for income tax	9,821	2,387
Increase/(decrease) in employee benefits	(16,193)	17,881
Increase in other provisions	6,974	8,454
Net cash provided by operating activities	**207,139**	**253,172**

Note 29. Earnings per share

	2022 $	2021 $
Profit after income tax	**88,723**	**77,075**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	498,709	498,709
Weighted average number of ordinary shares used in calculating diluted earnings per share	**498,709**	**498,709**

	Cents	Cents
Basic earnings per share	17.79	15.45
Diluted earnings per share	17.79	15.45

Accounting policy for earnings per share

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

Note 30. Commitments

The company has agreed to contribute funds to the Bindoon Mountain Bike Adventure Park Project for the next financial year. The funding was contingent on the Shire sourcing an organisation which has recently been allocated to, being the Chittering Mountain Bike Club. The expenditure commitments contracted for, but not provided for in the financial statements of $10,000 (2021: nil).

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

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.5 basis points moving from 0.85% at 30 June 2022 to 2.35% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

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

Directors' declaration

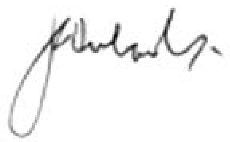
For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors



Jeffrey Robert Hollands
Chair

9 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 Chittering Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

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: 9 September 2022

Joshua Griffin
Lead Auditor

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Bendigo Bank