Annual Report 2022

Corangamite Financial Services Limited

Community Bank
Anglesea, Lorne and Winchelsea

ABN 80 105 703 099

Contents

Chairperson's report

For year ending 30 June 2022

It is my pleasure to present the Chairperson's report for the year ending 30 June 2022.

It is both an honour and privilege to serve as Chairperson for a company that is guided by such a diversified and passionate volunteer group of Directors, working in unison with an equally dedicated and passionate staff to achieve not only great business outcomes but also the extremely gratifying affect our Community Bank role is in returning a share of profits to the communities in which we live and work. All this while also returning a strong dividend return to our shareholders.

Our total return in the way of investment in local community groups and events is now well in excess of $3 million since our inception – can you believe that! This investment is a strong focus for our business. By investing in community groups and their volunteers we both strengthen our local communities and have the flow-on effect of building our banking business.

Providing a "banking presence" in our towns was our initial driver for our existence. We are now the only bank in both Anglesea and Winchelsea and one of only two in Lorne. It is noted that the rise of electronic and other modes of banking have changed dramatically over the past four years. However, it is important for us to see that relationship banking remains a major growth factor for our business.

Our continued strong results are due to the culture, drive and professionalism of our Business Managers and staff, many of whom are long-term employees.

We especially thank our Senior Manager, Jeremy Morris for his continued strong leadership of our group. Jeremy has been with us since inception 19 years ago and the growth in banking business from nil to our now $400 million is testament to his personal efforts. We have established a strong management team with Branch Managers Matilda Pink, Julie Dunkley and Daniel Norris all leading our staff to thrive.

It continues to be a volatile business climate in the banking area and the ability of our team to adapt quickly, lead our staff and consult the Board is a significant factor in our success. As a Community Bank we are strongly linked to our franchise partner, Bendigo and Adelaide Bank Limited. Their reputation, strategies and communication with us gives us confidence that this unique business model will continue to flourish.

We sincerely thank the efforts of our former Regional Manager Mark Cunneen, for his assistance over the past year.

Some highlights of the 2022 Financial Year have been;

- The opening of Bendigo Bank House at Grace McKellar Centre. This outstanding facility for the rehabilitation of sick and injured children from our region was the recipient of major funding from many local Community Banks. Our $50,000 contribution, along with $50,000 from Community Bank Lara was integral in kickstarting this project three years ago. The power of collaboration to achieve such a fantastic result for our region should not be underestimated.
- The building and completion of our new premises at 65 Great Ocean Rd Anglesea. This project now joins the Winchelsea branch as a Corangamite Financial Services asset and is testament to our commitment to provide face-to-face banking services in our communities.
- The continued major support of Winanglo Inc. project for independent living in Winchelsea. This is a joint venture with Surf Coast Shire and other community groups to build 10 independent living units on land provided by Surf Coast Shire. We have committed $500,000 towards this exciting and special project.
- The opening of the Anglesea Memorial Hall upgrade, which benefitted from our contribution of $25,000.
- The many community investments we have made to local groups to fund events and projects are still the major focus of both our marketing strategy and building stronger communities.

It continues to be a challenging time in the banking sector, but our Board are extremely confident that our team and partnership with Bendigo and Adelaide Bank will continue to achieve our exciting growth.

John McKenzie Knuckey
Chairperson

Manager's report

For year ending 30 June 2022

I'm pleased to report on another successful year in our business with some great results across our branches.

The 2021-22 financial year continued with high lending growth with a very active real estate market, as well as deposit growth despite the record low rates. The housing activity and low interest rates, surety of bank security in an unsettled financial climate, coupled with our strong reputation as relationship bankers attributed to our lending growth and deposit growth totalling $49 million (an increase of 12%) to bring our total holdings to $452 million. A tremendous annual result exceeding our forecast of $27 million and bolstering our already strong business holdings which is our core source of ongoing income.

The Coronavirus pandemic continued to be a big disruptor to our community which was still evident with our branches and customers. While the lockdowns weren't as plentiful and restrictions eased throughout the year, the isolation timeframes associated with acquiring the virus or being close contact caused staffing shortages across many industries causing closure and delays in the supply of goods and services. Our branches weren't immune to this, but despite the unplanned absences being plentiful, the disruption to our customers was minimal as the flexibility and depth of our staffing team enabled us to redeploy staff where required so our communities retained access to their essential banking service.

The completion of the construction of our new Anglesea branch at 65 Great Ocean Road was a major accomplishment for our company. This was a massive project with a huge amount of planning and co-ordination which required the problem solving and approval of many stakeholders and regulative authorities prior to commencement. In true Community Bank fashion, the construction itself involved many local trades and services in the interests of 'keeping local money local' with all involved determined to complete the new branch as efficiently as possible. This project was also influenced by the pandemic with building supply chain issues and onsite restrictions which delayed the opening. We were fortunate enough to be graced with an extension on our existing leasehold thanks to the empathy of our landlord and the incoming tenant which again resulted in minimal disruption to our customers.

Our new Anglesea branch reinforces our commitment and investment into our communities and provides the surety for a continuing banking service at a time when other banks are closing and an ongoing means to give back to those who support us.

Our pre-tax profit was $321,000 ($185,000 in 2021), after community related investment of $64,000. Our community investment was lower than past years which was largely because of less community activity because of the pandemic and surplus cash earnings invested into the Anglesea building. Our total contributions back to our communities now exceed $3 million which has been generated thanks to the support of our customers with their banking business held at our branches.

We welcomed several new staff into our team over the financial year following an unusual volume of change. The staff leaving were for no underlying reason and predominantly related to extended parental leave and new opportunities within the Bendigo Bank network. The new staff have been complimentary to our business and have been a good team fit.

We are extremely proud of our what we have achieved and continue to deliver to our stakeholders and would like to thank our extended team for their support and efforts in another challenging year.

Jeremy Morris
Senior Branch Manager
Community Bank Anglesea & District, Lorne and Winchelsea & District

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:

John McKenzie Knuckey

Title:	Chair
Experience and expertise:	Business Proprietor - Engineering. Self employed in the agricultural retail and manufacturing industry for 40 years. Past executive of local sporting clubs. Long time local resident.
Special responsibilities:	Assets and Finance Committee, Executive Committee, Governance Committee, Marketing and Community Investment Committee.

Robert John Earl

Title:	Non-executive director
Experience and expertise:	Civil Contactor. Qualified Diesel Fitter and holds a Diploma of Occupational Health and Safety. Managed own business and staff since May 1988, ten years in heavy construction and mining. Former president of the Civil Contractors Federation for ten years, founding member of the Winchelsea Tourist and Traders, former member of the SES and Landcare and former mentor at the Winchelsea Primary School.
Special responsibilities:	Marketing and Community Investment Committee.

Kenneth Ian McDonald

Title:	Non-executive director
Experience and expertise:	Real Estate Consultant. Self employed Real Estate Agent/Grain Consultant. Long time local resident and community volunteer.
Special responsibilities:	Assets and Finance Committee.

John Hubert Tebbutt

Title:	Non-executive director
Experience and expertise:	Retired Barrister at Law. Barrister at Law for 43 years. Licensed Legal Practitioner and Accredited Mediator (Bond University). Past President of the Torquay Golf Club. Part time Farmer.
Special responsibilities:	Governance Committee.

Directors (continued)

Pamela Margaret Sandlant

Title:	Non-executive director
Experience and expertise:	Farmer, Business Manager, Retired School Principal. Bachelor of Education. (B.Ed.) Diploma of Teaching - Primary (Dip.T) Reading Recovery - Tutor. Emotional Literacy through Visual Arts (ELVA) - Tutor. Various Professional Certificates in Educational Leadership, Teaching & Learning, Mentoring, Coaching etc. Educational and School Leadership and Management as School Principal in Self Managing Schools - 22 years. Teacher/Unit Leader/Coordinator – 18 years. Farm management - 45 years. Administration, business management, accounting, HR, OH&S, marketing, bank liaison etc. Committee of Management Anglesea Community House - Board Member and minute secretary - 15 years. Anglesea, Winchelsea and Lorne Community Bank - Director -7 years. Member of the Governance Committee - 7 years. Various Project Management positions for the Victorian Department of Education - 4 years. Current – Director Community Bank Beaufort (Beaufort Financial Services). Current - Director and Secretary - RW&PM Sandlant Pty Ltd.
Special responsibilities:	Governance Committee.

Raylene Margaret Fordham

Title:	Non-executive director
Experience and expertise:	Business Owner. Managing Director of a national mystery shopping company. Business Owner of a local accommodation facility. Raylene is a goal-oriented professional with solid managerial and people skills. Highly organised and able to manage multiple tasks. Strong work ethic coupled with the deepest commitment to achieving successful outcomes. Highly adaptable to change. Decisive, possessing a keen understanding of commercial realities.
Special responsibilities:	Deputy Chair, Chair of the Governance Committee.

Andrew Lindsay Jones

Title:	Non-executive director
Experience and expertise:	Management Consultant. Bachelor of Science, Graduate Diploma of Polymer Science & Graduate Diploma of Marketing. Founder and chair of a national business advisory business. Twenty years experience as General Manager of large manufacturing businesses on glass, packaging and building products industries. Director of Rotary Club of Belmont and APCO Foundation.
Special responsibilities:	Chair of Marketing and Community Investment Committees.

Garrick Charles Fenton

Title:	Non-executive director
Experience and expertise:	Retired. Farmer, member of Lorne Hospital Board, Lorne Men's Shed Committee and Ballarat Sports Museum.
Special responsibilities:	Marketing and Community Investment Committees.

Gerard William Kelly

Title:	Non-executive director
Experience and expertise:	Retired Accountant. Bachelor of Commerce, 8 years with a major international accounting firm in Melbourne followed by 30 years in public practice in Colac, specialising in rural and small business. 30 years involvement with scouting in Colac. Strong family connections with Winchelsea and district.
Special responsibilities:	Asset and Finance Committee.

Directors (continued)

Paul Leonard Nigro

Title:	Non-executive director
Experience and expertise:	Business Owner. Former Lending and Corporate Services Manager in a financial institution. 20 years as a self-employed business owner. Currently the Senior Coach of the Anglesea Football Netball Club senior football team. Has been actively involved as a coach of local football since 2000.
Special responsibilities:	Governance Committee and Executive Committee.

Company secretary

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

- Gerard William Kelly was appointed to the position of Company secretary on 1 February 2022.
- Raylene Margaret Fordham was appointed to the position of Company secretary on 2 December 2015 and ceased on 1 February 2022.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to $241,531 (30 June 2021: $143,457).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 $
Fully franked dividend of 6 cents per share	85,272

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.

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
John McKenzie Knuckey	12	11
Robert John Earl	12	6
Kenneth Ian McDonald	12	11
John Hubert Tebbutt	12	8
Pamela Margaret Sandlant	12	7
Raylene Margaret Fordham	4	3
Andrew Lindsay Jones	12	11
Garrick Charles Fenton	12	10
Gerard William Kelly	12	9
Paul Leonard Nigro	12	6

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

	Marketing and Community investment Committee		Assets and Finance Committee		Executive Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
John McKenzie Knuckey	4	2	2	2	3	3
Robert John Earl	4	4	-	-	-	-
Kenneth Ian McDonald	-	-	2	2	-	-
John Hubert Tebbutt	-	-	-	-	3	1
Pamela Margaret Sandlant	-	-	-	-	-	-
Raylene Margaret Fordham	-	-	-	-	3	2
Andrew Lindsay Jones	4	4	-	-	-	-
Garrick Charles Fenton	4	2	-	-	-	-
Gerard William Kelly	-	-	2	2	3	2
Paul Leonard Nigro	-	-	-	-	3	1

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 except as disclosed in note 28 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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
John McKenzie Knuckey	4,700	-	4,700
Robert John Earl	28,200	-	28,200
Kenneth Ian McDonald	1,800	-	1,800
John Hubert Tebbutt	-	-	-
Pamela Margaret Sandlant	-	-	-
Raylene Margaret Fordham	-	-	-
Andrew Lindsay Jones	-	-	-
Garrick Charles Fenton	14,400	-	14,400
Gerard William Kelly	-	-	-
Paul Leonard Nigro	-	-	-

Indemnity and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 30 to the accounts.

Non-audit services (continued)

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

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

Auditor's independence declaration

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

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

On behalf of the directors

John McKenzie Knuckey
Chair

30 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 Corangamite Financial Services Limited

As lead auditor for the audit of Corangamite 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: 30 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	2,385,417	2,364,939
Other revenue	7	71,270	103,266
Finance revenue		13	598
Employee benefits expense	8	(1,389,237)	(1,364,637)
Advertising and marketing costs		(29,130)	(21,370)
Occupancy and associated costs		(81,125)	(68,000)
System costs		(104,214)	(99,888)
Depreciation and amortisation expense	8	(205,906)	(277,300)
Finance costs	8	(41,688)	(37,609)
General administration expenses		(219,491)	(205,544)
Profit before community contributions and income tax expense		**385,909**	**394,455**
Charitable donations, sponsorships and grants expense		(64,582)	(208,875)
Profit before income tax expense		**321,327**	**185,580**
Income tax expense	9	(79,796)	(42,123)
Profit after income tax expense for the year	**24**	**241,531**	**143,457**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax	23	70,170	-
Other comprehensive income for the year, net of tax		70,170	-
Total comprehensive income for the year		**311,701**	**143,457**
		Cents	**Cents**
Basic earnings per share	32	16.99	10.09
Diluted earnings per share	32	16.99	10.09

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

Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	349,291	14,341
Trade and other receivables	11	238,874	192,413
Current tax assets	9	-	29,799
Total current assets		**588,165**	**236,553**
Non-current assets			
Investment properties	14	7,257	1,596
Property, plant and equipment	12	2,442,021	2,111,385
Right-of-use assets	13	419,522	462,891
Intangibles	15	21,733	65,201
Total non-current assets		**2,890,533**	**2,641,073**
Total assets		**3,478,698**	**2,877,626**
Liabilities			
Current liabilities			
Trade and other payables	16	136,201	231,377
Borrowings	17	107,607	86,090
Lease liabilities	18	116,980	69,035
Current tax liabilities	9	20,310	-
Employee benefits	19	189,237	158,134
Total current liabilities		**570,335**	**544,636**
Non-current liabilities			
Borrowings	17	720,292	339,484
Lease liabilities	18	338,626	425,239
Deferred tax liabilities	9	103,474	24,803
Employee benefits	19	25,349	44,487
Provisions	20	3,334	8,118
Total non-current liabilities		**1,191,075**	**842,131**
Total liabilities		**1,761,410**	**1,386,767**
Net assets		**1,717,288**	**1,490,859**
Equity			
Issued capital	21	966,000	966,000
Reserves	23	181,988	111,818
Retained earnings	24	569,300	413,041
Total equity		**1,717,288**	**1,490,859**

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 $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2020		966,000	111,818	354,856	1,432,674
Profit after income tax expense		-	-	143,457	143,457
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	143,457	143,457
Transactions with owners in their capacity as owners:					
Dividends provided for	25	-	-	(85,272)	(85,272)
Balance at 30 June 2021		**966,000**	**111,818**	**413,041**	**1,490,859**

	Note	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2021		966,000	111,818	413,041	1,490,859
Profit after income tax expense		-	-	241,531	241,531
Other comprehensive income, net of tax	23	-	70,170	-	70,170
Total comprehensive income		-	70,170	241,531	311,701
Transactions with owners in their capacity as owners:					
Dividends provided for	25	-	-	(85,272)	(85,272)
Balance at 30 June 2022		**966,000**	**181,988**	**569,300**	**1,717,288**

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)		2,671,827	2,668,393
Payments to suppliers and employees (inclusive of GST)		(2,094,106)	(2,087,780)
		577,721	580,613
Interest received		13	598
Interest and other finance costs paid		(21,359)	(14,448)
Income taxes refunded/(paid)		18,193	(54,739)
Net cash provided by operating activities	**31**	**574,568**	**512,024**
Cash flows from investing activities			
Payments for property, plant and equipment		(423,256)	(315,765)
Payments for intangibles		(37,284)	(37,284)
Net cash used in investing activities		**(460,540)**	**(353,049)**
Cash flows from financing activities			
Proceeds from borrowings		909,108	-
Repayment of lease liabilities	18	(91,131)	(126,951)
Dividends paid	25	(85,272)	(85,272)
Repayment of borrowings		(489,257)	(48,936)
Net cash provided by/(used in) financing activities		**243,448**	**(261,159)**
Net increase/(decrease) in cash and cash equivalents		357,476	(102,184)
Cash and cash equivalents at the beginning of the financial year		(8,185)	93,999
Cash and cash equivalents at the end of the financial year	**10**	**349,291**	**(8,185)**

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 Corangamite 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.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 11 Main Street, Winchelsea, VIC 3241.

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

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Note 3. Significant accounting policies (continued)

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2022.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

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

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
- Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
- Level 3: unobservable inputs for the asset or liability.

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

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Recovery of deferred tax assets

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

Lease term

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

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

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 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 has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	1,935,647	1,949,823
Fee income	163,702	163,440
Commission income	286,068	251,676
Revenue from contracts with customers	**2,385,417**	**2,364,939**

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

Revenue calculation

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

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.

Note 6. Revenue from contracts with customers (continued)

Ability to change financial return

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Market development fund	40,000	40,000
Cash flow boost	-	37,500
Rental income	23,500	24,416
Other income	7,770	1,350
Other revenue	**71,270**	**103,266**

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).
Rental income	Rental income from owned investment properties is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

Note 7. Other revenue (continued)

Cash flow boost

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Buildings	41,891	10,625
Leasehold improvements	31,720	101,801
Furniture and fittings	12,771	12,224
Motor vehicles	5,999	5,999
	92,381	**130,649**
Depreciation of right-of-use assets		
Leased land and buildings	52,225	85,351
Leased motor vehicles	17,832	17,832
	70,057	**103,183**
Amortisation of intangible assets		
Franchise fee	22,036	22,036
Franchise renewal fee	21,432	21,432
	43,468	**43,468**
	205,906	**277,300**

Finance costs

	2022 $	2021 $
Bank loan interest paid or accrued	21,360	18,226
Lease interest expense	20,113	19,033
Unwinding of make-good provision	215	350
	41,688	**37,609**

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

Note 8. Expenses (continued)

Employee benefits expense

	2022 $	2021 $
Wages and salaries	1,187,500	1,171,914
Contributions to defined contribution plans	122,549	107,525
Expenses related to long service leave	18,812	13,926
Other expenses	60,376	71,272
	1,389,237	**1,364,637**

Recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**51,897**	**42,933**

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	31,334	2,206
Movement in deferred tax	78,670	40,909
Under/over adjustment	582	-
Reduction in company tax rate	-	(992)
Deferred tax on revaluation increment recognised at FVTOCI	(25,240)	-
Deferred tax on prior period revaluation increment recognised at FVTOCI	(5,550)	-
Aggregate income tax expense	**79,796**	**42,123**
Prima facie income tax reconciliation		
Profit before income tax expense	**321,327**	**185,580**
Tax at the statutory tax rate of 25% (2021: 26%)	80,332	48,251
Tax effect of:		
Non-deductible expenses	4,432	4,614
Reduction in company tax rate	-	(992)
Other assessable income	-	(9,750)
Deferred tax on prior period revaluation increment recognised at FVTOCI	(5,550)	-
	79,214	**42,123**
Under/over adjustment	582	-
Income tax expense	**79,796**	**42,123**

Note 9. Income tax (continued)

	2022 $	2021 $
Deferred tax liabilities / (assets)		
Property, plant and equipment	168,250	90,513
Right-of-use assets	82,695	87,665
Lease liabilities	(92,991)	(100,690)
Employee benefits	(53,647)	(50,655)
Provision for lease make good	(833)	(2,030)
Deferred tax liability	**103,474**	**24,803**

	2022 $	2021 $
Income tax refund due	-	**29,799**

	2022 $	2021 $
Provision for income tax	**20,310**	-

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	**349,291**	**14,341**

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2022 $	2021 $
Balances as above	349,291	14,341
Bank overdraft (note 17)	-	(22,526)
Balance as per statement of cash flows	**349,291**	**(8,185)**

Accounting policy for cash and cash equivalents

For the purposes of the Statement of Financial Position cash and cash equivalents comprise cash on hand and deposits held with banks. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	231,315	178,406
Prepayments	7,559	14,007
	238,874	**192,413**

Accounting policy for trade and other receivables

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Winchelsea land - at fair value	257,178	100,000
Anglesea land - at cost	284,597	284,597
	541,775	**384,597**
Winchelsea building - at fair value	348,707	412,500
Anglesea building - at cost	1,164,191	956,241
Less: Accumulated depreciation	(79,613)	(45,298)
	1,433,285	**1,323,443**
Leasehold improvements - at cost	493,145	704,025
Less: Accumulated depreciation	(147,184)	(355,394)
	345,961	**348,631**

Note 12. Property, plant and equipment (continued)

	2022 $	2021 $
Plant and equipment - at cost	13,377	13,377
Less: Accumulated depreciation	(13,377)	(13,377)
	-	-
Fixtures and fittings - at cost	263,842	178,786
Less: Accumulated depreciation	(158,123)	(145,352)
	105,719	**33,434**
Motor vehicles - at cost	85,808	85,808
Less: Accumulated depreciation	(70,527)	(64,528)
	15,281	**21,280**
	2,442,021	**2,111,385**

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

	Land $	Buildings $	Leasehold improvements $	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2020	384,597	930,827	445,908	45,658	27,279	1,834,269
Additions	-	403,241	4,524	-	-	407,765
Depreciation	-	(10,625)	(101,801)	(12,224)	(5,999)	(130,649)
Balance at 30 June 2021	**384,597**	**1,323,443**	**348,631**	**33,434**	**21,280**	**2,111,385**
Additions	-	207,950	29,050	85,056	-	322,056
Revaluation increments	157,178	(56,217)	-	-	-	100,961
Depreciation	-	(41,891)	(31,720)	(12,771)	(5,999)	(92,381)
Balance at 30 June 2022	**541,775**	**1,433,285**	**345,961**	**105,719**	**15,281**	**2,442,021**

Fair value

The fair value of land and buildings was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued.

The company's Winchelsea property was independently valued effective 28 March 2022 by Hendry Consulting on 25 March 2022. The valuation resulted in an increment to the carrying amount of the property resulting in a revaluation gain of $70,170 in the statement of profit or loss and other comprehensive income. Refer to note 23.

Accounting policy for property, plant and equipment

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

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

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

Building	20 to 40 years
Leasehold improvements	1 to 40 years
Furniture and fittings	2 to 40 years
Motor Vehicles	8 years

Note 12. Property, plant and equipment (continued)

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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Changes in estimates

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

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	517,723	1,092,164
Less: Accumulated depreciation	(194,198)	(743,102)
	323,525	**349,062**
Motor vehicles - right-of-use	142,653	142,653
Less: Accumulated depreciation	(46,656)	(28,824)
	95,997	**113,829**
	419,522	**462,891**

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	412,687	131,661	544,348
Remeasurement adjustments	21,726	-	21,726
Depreciation expense	(85,351)	(17,832)	(103,183)
Balance at 30 June 2021	**349,062**	**113,829**	**462,891**
Remeasurement adjustments	26,688	-	26,688
Depreciation expense	(52,225)	(17,832)	(70,057)
Balance at 30 June 2022	**323,525**	**95,997**	**419,522**

Accounting policy for right-of-use assets

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

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

Refer to note 18 for more information on lease arrangements.

Note 14. Investment properties

	2022 $	2021 $
Investment property - sublease - at cost	33,703	22,162
Less: Accumulated depreciation	(26,446)	(20,566)
	7,257	**1,596**
Reconciliation		
Reconciliation of the beginning and end of the current and previous financial year are set out below:		
Opening amount	1,596	4,711
Remeasurement adjustments	12,494	3,124
Depreciation expense	(6,833)	(6,239)
Closing amount	**7,257**	**1,596**

Accounting policy for investment properties - sublease

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

Accounting policy for subleases

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

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

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

Note 15. Intangibles

	2022 $	2021 $
Franchise fee	256,059	256,059
Less: Accumulated amortisation	(245,043)	(223,007)
	11,016	**33,052**
Franchise renewal fee	169,616	169,616
Less: Accumulated amortisation	(158,899)	(137,467)
	10,717	**32,149**
	21,733	**65,201**

Note 15. Intangibles (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	55,088	53,581	108,669
Amortisation expense	(22,036)	(21,432)	(43,468)
Balance at 30 June 2021	**33,052**	**32,149**	**65,201**
Amortisation expense	(22,036)	(21,432)	(43,468)
Balance at 30 June 2022	**11,016**	**10,717**	**21,733**

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)	December 2022
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2022

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

Change in estimates

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	-	13,414
Other payables and accruals	136,201	217,963
	136,201	**231,377**

Accounting policy for trade and other payables

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

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

Note 17. Borrowings

	2022 $	2021 $
Current liabilities		
Bank overdraft	-	22,526
Bank loans	107,607	63,564
	107,607	**86,090**
Non-current liabilities		
Bank loans	**720,292**	**339,484**

Financing arrangements

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

	2022 $	2021 $
Total facilities		
Bank overdraft	**-**	**60,000**
Used at the reporting date		
Bank overdraft	**-**	**22,526**
Unused at the reporting date		
Bank overdraft	**-**	**37,474**

Bank overdraft

The company had an approved temporary overdraft limit of $60,000 in the previous period. The temporary overdraft was fully repaid and expired at 31 Jul 2021.

Interest was recognised using the effective interest method, 8.64%.

The bank overdraft is repayable on demand and used for cash management purposes. It is reviewed annually by the lender, Bendigo Bank. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

Bank loans

A bank loan was taken out to fund the fitout of the Anglesea branch building. Interest is recognised at rate of 2.83% (2021: 4.59%). The loans are secured by a fixed and floating charge over the company's assets.

Accounting policy for borrowings

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

Note 18. Lease liabilities

	2022 $	2021 $
Current liabilities		
Property lease liabilities	49,001	77,118
Unexpired interest	(15,664)	(15,954)
Motor vehicle lease liabilities	85,262	11,344
Unexpired interest	(1,619)	(3,473)
	116,980	**69,035**

Note 18. Lease liabilities (continued)

	2022 $	2021 $
Non-current liabilities		
Property lease liabilities	404,253	416,250
Unexpired interest	(65,627)	(74,654)
Motor vehicle lease liabilities	-	85,262
Unexpired interest	-	(1,619)
	338,626	**425,239**

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	494,274	579,733
Remeasurement adjustments	32,350	22,459
Lease interest expense	20,113	19,033
Lease payments - total cash outflow	(91,131)	(126,951)
	455,606	**494,274**

Maturity analysis

	2022 $	2021 $
Not later than 12 months	134,263	88,462
Between 12 months and 5 years	196,001	265,262
Greater than 5 years	208,252	236,250
	538,516	**589,974**

Accounting policy for lease liabilities

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

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

Note 18. Lease liabilities (continued)

The company's lease portfolio includes:

Lorne Branch	The lease agreement commenced in October 2021. A 5 year renewal option was exercised in October 2016. The company has a 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 2031. The discount rate used in calculation is 4.39%.
Anglesea Branch	The lease agreement ended in October 2021 and was not renewed. The discount rate used in calculation is 4.39%.
Motor vehicle	The lease agreement is a non-cancellable term of 3 years which commenced in December 2019. The lease includes a balloon payment at which time the registered security over the motor vehicles is removed.

Note 19. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	104,636	108,630
Long service leave	84,601	49,504
	189,237	**158,134**
Non-current liabilities		
Long service leave	**25,349**	**44,487**

Accounting policy for employee benefits

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

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 20. Provisions

	2022 $	2021 $
Lease make good	**3,334**	**8,118**

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $5,000 for the Lorne Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on September 2031 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions

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

Note 21. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	**966,000**	**966,000**	**966,000**	**966,000**

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).

Note 21. Issued capital (continued)

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 303. As at the date of this report, the company had 465 shareholders (2021: 465 shareholders).

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

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

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

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

Note 22. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors 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. Reserves

	2022 $	2021 $
Revaluation surplus reserve	**181,988**	**111,818**

Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Revaluation Reserve $
Balance at 1 July 2020	111,818
Balance at 30 June 2021	111,818
Revaluation of land and buildings	70,170
Balance at 30 June 2022	**181,988**

Note 24. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	413,041	354,856
Profit after income tax expense for the year	241,531	143,457
Dividends paid (note 25)	(85,272)	(85,272)
Retained earnings at the end of the financial year	**569,300**	**413,041**

Note 25. Dividends

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

	2022 $	2021 $
Fully franked dividend of 6 cents per share	**85,272**	**85,272**

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	306,968	282,189
Franking credits (debits) arising from income taxes paid (refunded)	(18,193)	54,739
Franking debits from the payment of franked distributions	(28,424)	(29,960)
	260,351	**306,968**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	260,351	306,968
Franking credits (debits) that will arise from payment (refund) of income tax	20,310	(29,799)
Franking credits available for future reporting periods	**280,661**	**277,169**

Note 25. 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 26. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	231,315	178,406
Cash and cash equivalents	349,291	14,341
	580,606	**192,747**
Financial liabilities		
Trade and other payables	136,201	231,377
Lease liabilities	455,606	494,274
Bank loans	827,899	403,048
Bank overdrafts	-	22,526
	1,419,706	**1,151,225**

Accounting policy for financial instruments

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

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

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

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

Financial risk management

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

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.

Note 26. Financial instruments (continued)

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $349,291 at 30 June 2022 (2021: $14,341). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB on Standard & Poor's credit ratings.

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2022		2021	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank overdraft	-	-	8.64%	22,526
Bank loans	2.83%	827,899	4.59%	403,048
Net exposure to cash flow interest rate risk		**827,899**		**425,574**

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

Credit risk

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

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

Liquidity risk

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

Financing arrangements

Unused borrowing facilities at the reporting date:

	2022 $	2021 $
Bank overdraft	**-**	**37,474**

Note 26. Financial instruments (continued)

Exposure to liquidity risk

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	107,607	-	-	107,607
Trade and other payables	136,201	-	-	136,201
Lease liabilities	134,263	196,001	208,252	538,516
Total non-derivatives	**378,071**	**196,001**	**208,252**	**782,324**

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank overdraft	22,526	-	-	22,526
Bank loans	63,564	317,820	21,664	403,048
Trade and other payables	231,377	-	-	231,377
Lease liabilities	88,462	265,262	236,250	589,974
Total non-derivatives	**405,929**	**583,082**	**257,914**	**1,246,925**

Note 27. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land and buildings	-	605,885	-	605,885
Total assets	**-**	**605,885**	**-**	**605,885**

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land and buildings	-	512,500	-	512,500
Total assets	**-**	**512,500**	**-**	**512,500**

Note 27. Fair value measurement (continued)

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 28. Key management personnel disclosures

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

John McKenzie Knuckey
Robert John Earl
Kenneth Ian McDonald
John Hubert Tebbutt
Pamela Margaret Sandlant
Raylene Margaret Fordham
Andrew Lindsay Jones
Garrick Charles Fenton
Gerard William Kelly
Paul Leonard Nigro

Key management personnel compensation comprised the following.

	2022 $	2021 $
Short-term employee benefits	**2,500**	**-**

Compensation of the company's key management personnel includes salaries.

Note 29. Related party transactions

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

Note 30. 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	**6,000**	**5,700**
Other services		
Taxation advice and tax compliance services	2,015	1,750
General advisory services	4,360	4,430
	6,375	**6,180**
	12,375	**11,880**

Note 31. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	241,531	143,457
Adjustments for:		
Depreciation and amortisation	206,304	277,300
Lease liabilities interest	20,114	22,811
Change in operating assets and liabilities:		
Decrease in trade and other receivables	54,739	424
Decrease in income tax refund due	29,799	-
Increase in deferred tax assets	(30,791)	-
Increase in other operating assets	-	(14,685)
Increase/(decrease) in trade and other payables	(58,290)	18,710
Increase in provision for income tax	20,310	-
Increase in deferred tax liabilities	78,671	2,069
Increase in employee benefits	11,965	61,588
Increase in other provisions	216	350
Net cash provided by operating activities	**574,568**	**512,024**

Note 32. Earnings per share

	2022 $	2021 $
Profit after income tax	**241,531**	**143,457**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,421,200	1,421,200
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,421,200**	**1,421,200**

	Cents	Cents
Basic earnings per share	16.99	10.09
Diluted earnings per share	16.99	10.09

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Corangamite 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 33. Commitments

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

Note 34. Contingencies

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

Note 35. 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

John McKenzie Knuckey
Chair

30 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 Corangamite Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

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

In our opinion, the accompanying financial report of Corangamite 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
afs@afsbendigo.com.au
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.

Andrew Frewin Stewart
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03 5443 0344

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: 30 September 2022

Joshua Griffin
Lead Auditor

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