

Annual Report 2022

Cummins District Financial
Services Limited

Community Bank
Cummins District

ABN 25 094 393 692



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Chair's report

For year ending 30 June 2022

It is my privilege to present the Cummins District Financial Services Limited 22nd Annual Report for financial year ending 30 June 2022.

Braden and his team have continued to grow our business in the last financial year by \$65.66 million, to bring our total business to \$331.4 million as of 30 June 2022. Our Community Bank team has continued to adapt to the ever-changing needs of our rural communities and their financial requirement, along with the challenges of COVID-19, staff changes, and family/personnel commitments. The Board would like to acknowledge and thank Braden, Josie, Caro, Morissa, Zanny and Amy who have been at the forefront of keeping our Community Bank open and operating not only over the last 12 months, but over the past three years. Your commitment to our community and business is the reason for our business growth. Thanks to Chris Miller (Rural Bank) who continues to develop and grow our rural business, to Darren Goodwin, Bernie Redden and Tiffany Franklin (Business banking) for their support. We welcomed Judy Arbery (Branch Operations Manager) in April and Margie Devine (Customer Relationship Manager) in June. Thank you to the Community Bank Cummins District team.

Cummins District Financial Services Limited have had the opportunity to expand and grow our Community Bank business across Eyre Peninsula. The Board of Cummins District Financial Services Limited (CDFSL) has been successful in the purchase of the Tumby Bay District Financial Services Limited (TBDFSL) revenue rights from their loans, deposits and other revenue generating business for \$685,000. The purchase also includes the Cleve Agency business. The Tumby Bay District Financial Services Limited shareholders approved this transaction at an Extraordinary General Meeting on Friday 24 June 2022. The Board of Cummins District Financial Services Limited have taken a business loan with Bendigo and Adelaide Bank Limited of \$600,000 to part-fund this transaction. Community Bank Tumby Bay District branch closed on 28 July 2022. Cummins District Financial Services Limited in partnership with Tiffany Hibble (Tumby Bay Pharmacy) opened a new Tumby Bay Agency to operate within their premises. This will expand our Agency businesses to include Cleve, Tumby Bay and Wudinna, providing much needed cash services for local businesses and community organisations within these communities.

Our Community Bank continues to grow, in business and community, with our shareholders and shares remaining the same. Our Board has developed a community investment model that each of our Agency communities can use to invest within their own communities based on the level of banking held (Rural Bank or Bendigo Bank) from those communities.

The success of Community Banking has contributed just over \$339,000 in the past 12 months to various community projects, partnerships, investment and scholarships within our communities. Success and benefits have also been seen by having a bank or agency with staff living and working locally, the staff that you know will help when you require. SIMPLE – support for the local Community Bank or Agency = community investment. Your support of Community Banking does make a difference.

Cummins District Financial Services Limited have two other valuable staff members that the Board and Community Bank Cummins District are very thankful and grateful to have as team members. Ingrid Kennerley as Company Secretary and Amanda Puckridge as Business Promotion Officer, we thank you both. Thank you is not enough to our volunteer Board Directors who continue to manage their own personal businesses and lives and who continue to work as directors for Cummins District Financial Services Limited. A very big thank you, Adam, Connie, Elizabeth, George, Heather, Jill, Mark, Mike and Peter.

I stand by my previous statement that I do believe that our communities are fortunate to have some of the best people servicing and looking after your financial and banking requirements on Eyre Peninsula. Community Bank Cummins District team, Braden, Judy, Josie, Margie, Morissa, Caro, Zan, and Amy along with Chris (Rural Bank) and Bernie (Bendigo Business Banking) all live and work locally, to professionally look after your financial requirements.

Please give them the opportunity to help you, to ensure your financial future and be part of your community strengthening and growth.



Mick Howell
Chair

Manager's report

For year ending 30 June 2022

It gives me great pleasure to provide my Branch Manager report for the 2021/22 financial year, in what has been an exceptional year for Community Bank Cummins District.

With the low interest rate environment and favourable agriculture conditions continuing, in addition to our competitive products and service, our branch has experienced its strongest growth yet. Our branch's total business held increased by \$65.667 million (24.7%), taking the total business held as at 30 June 2022 to \$331.407 million.

The below table provides a breakdown of the branch's performance as at 30 June 2022, displaying actual balances per product compared to the prior year.

Product	2022 \$mill	2021 \$mill
Contingent Liabilities	\$0.234	\$0.200
BBL Deposits	\$83.422	\$76.668
BBL Loans	\$64.111	\$58.248
Rural Bank Deposits	\$32.414	\$28.517
Rural Bank Loans	\$148.700	\$98.980
Superannuation	\$1.281	\$1.397
Leveraged Equities	-\$0.067	-\$0.067
Community Sector Banking Deposits	\$0.113	\$0.144
Bendigo Managed Funds	\$0.130	\$0.074
Financial Markets Deposits	\$1.002	\$1.507
Total	\$331.407	\$265.739

A significant portion of this growth was achieved through Rural Bank Loans with \$49.720 million growth, and we thank Chris Miller (Rural Bank Agribusiness Relationship Manager) for his dedication to our customers.

Pleasingly, we experienced growth across the bulk of our remaining product offering including Bendigo Bank Deposits, Bendigo Bank Loans, and Rural Bank Deposits. This is a great result and highlights the dedication from our entire banking team including our EP Business Banking team consisting of Darren Goodwin, Tiffany Franklin, and Bernadette Redden.

Our branch staffing has experienced further change this year with Joannah Baptiste and Leah Trenberth resigning, which has prompted the promotion of Morissa Richardson to Customer Relationship Officer, and employment of Margie Devine as Customer Relationship Manager. In addition, we have strengthened our management structure to assist with our growth strategy, with Judy Arbery employed in a newly-created Branch Operations Manager role.

The purchase of Tumby Bay District Financial Services Limited's (TBDFSL) revenue rights as at 1 August 2022 has expanded our operations to include agencies located at Tumby Bay and Cleve, in addition to Wudinna, and has also allowed us to employ TBDFSL staff Karlee Dunn and Janet Shepherd, and we welcome all our new staff to our team. The staff who are currently serving Community Bank Cummins District are Judy Arbery (Branch Operations Manager), Josie Turnbull (Customer Relationship Manager), Margie Devine (Customer Relationship Manager), Morissa Richardson (Customer Relationship Officer), Karlee Dunn (Customer Relationship Officer), Caro Meyers (Senior Customer Service Officer), Zan Cafuta (Customer Service Officer), Amy Fuss (Customer Service Officer), and Janet Shepherd (Customer Service Officer). Thank you all for your commitment to our customers and our business.

The total level of community investment from Community Bank Cummins District is now over \$5.2 million. Thank you to our customers who continue to see the benefit of banking through our local Community Bank, and who make this level of investment possible. I am excited about the expansion of our business, and our focus remains on supporting our customers, and growing our business to continue this level of investment into all our customer's communities including Cummins, Tumby Bay, Wudinna, Cleve and their surrounding districts.



Braden Gale
Branch Manager

Past and present Directors and staff

Directors – Cummins District Financial Services Limited

Original Steering Committee

Leo Haarsma, Jeffery Pearson, Wendy Holman, Brian Treloar, Robyn Wedd, Earle Heidenreich, John (Bushy) Hill, Barry Kearsley, Chris Deslandes, David Crettenden, Ivan Phelps, David Smith, Trevor Carter, Peter Cabot, Russell Branson, Leanne Pringle, Michael Treloar, Nigel Myers, John Southern, Rod Pearson, Peter Arbery, Trevor Guppy.

2000/01

Leo Haarsma (Chairman), Wendy Holman (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden, Nigel Myers, John N Hill, Brian Treloar, Robyn Wedd, Tracy Wilson (R 13.9.2001).

2001/02

Leo Haarsma (Chairman), Wendy Holman (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden, Nigel Myers, John N Hill, Brian Treloar (R 26.2.2002), Robyn Wedd, Michael Treloar (A 26.2.2002).

2002/03

Leo Haarsma (Chairman), Wendy Holman (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden, Nigel Myers, John N Hill (R 26.11.2002), Jim Secker (A 26.11.2002), Robyn Wedd, Michael Treloar.

2003/04

Leo Haarsma (Chairman), Nigel Myers (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden, Leanne Pringle (A 11.11.2003), Wendy Holman, Jim Secker, Robyn Wedd (R 11.11.2003), Michael Treloar.

2004/05

Leo Haarsma (Chairman), Nigel Myers (Secretary), Jeffery Pearson, Peter Cabot, David Crettenden (R 9.11.2004), Leanne Pringle (R 26.4.2005), Wendy Holman, Jim Secker, Dianne Modra (A 9.11.2004), Michael Treloar (R 9.11.2004), Jarrod Phelps (A 9.11.2004), Michael Howell (A 9.11.2004).

2005/06

Dianne Modra (Chairman), Nigel Myers (Secretary), Jeffery Pearson, Peter Cabot, Leo Haarsma, Peter Glover (A 29.11.2005), Wendy Holman, Jim Secker (R 29.11.2005), Jarrod Phelps, Michael Howell, Phillip Minhard (A 29.11.2005).

2006/07

Dianne Modra (Chairman), Nigel Myers (Secretary) (R 7.11.2006), Jeffery Pearson, Peter Cabot, Leo Haarsma, Peter Glover, Wendy Holman, Darren Smith (A 7.11.2006), Jarrod Phelps, Michael Howell, Phillip Minhard.

2007/08

Dianne Modra (Chairman), Wendy Holman (Secretary), Jeffery Pearson, Peter Cabot, Leo Haarsma, Peter Glover, Darren Smith, Jarrod Phelps, Michael Howell, Phillip Minhard.

2008/09

Dianne Modra (Chairman), Wendy Holman (Secretary), Jeffery Pearson (R 10.11.2008), Peter Cabot (R 10.11.2008), Leo Haarsma, Peter Glover, John Wood (A 10.11.2008), Darren Smith, Jarrod Phelps, Michael Howell, Phillip Minhard (R 10.11.2008), Darren Kelly (A 10.11.2008), Scott Bascombe (A 10.11.2008).

2009/10

Dianne Modra (Chairman), Wendy Holman, Darren Kelly, Scott Bascombe, Leo Haarsma, Peter Glover, John Wood, Darren Smith, Jarrod Phelps, Michael Howell, Kerry Head (Company Secretary).

2010/11

Peter Glover (Chairman), Wendy Holman, Darren Kelly, Scott Bascombe, Leo Haarsma (R 8.11.2010), John Wood, Darren Smith (R 8.11.2010), Jarrod Phelps, Michael Howell (R 8.11.2010), David Guidera (A 8.11.2010), Heather Norton (A 8.11.2010), Brigette Hall (A 8.11.2010), Kate Hancock (Company Secretary).

2011/12

Peter Glover (Chairman), Wendy Holman, Darren Kelly, Scott Bascombe, Mandy Pedler (A 01.2012), Dianne Modra, John Wood, Brigette Hall, Jarrod Phelps (R 01.2012), David Guidera, Heather Norton, Kate Hancock (Company Secretary).

2012/13

Peter Glover (Chairman), Wendy Holman, Darren Kelly, Scott Bascombe, Mandy Pedler, Dianne Modra (R 11.2012), John Wood, Brigette Hall, Elizabeth Burns (A 11.2012), David Guidera, Heather Norton, Kate Hancock (Company Secretary).

2013/14

Peter Glover (Chairman), Wendy Holman, Darren Kelly (R 11.2013), Scott Bascombe, Mandy Pedler, Jill Wedd (A 06.2014), John Wood, Brigette Hall (R 11.2013), Elizabeth Burns, George Pedler (A 01.2014), David Guidera (R 11.2013), Heather Norton, Roger Laube (A 11.2013), Kate Hancock (Company Secretary).

2014/15

Peter Glover (Chairman), Wendy Holman, Mandy Pedler (R 1.2015), Scott Bascombe (R 10.2014), Michael Minhard (A 11.2014), Jill Wedd, John Wood, Whitney Mickan (A 1.2015), Elizabeth Burns, George Pedler, Heather Norton, Roger Laube, Simone Murnane (Company Secretary).

2015/16

Peter Glover (Chairman), Wendy Holman, Whitney Mickan, Michael Minhard, Jill Wedd, John Wood, Elizabeth Burns (R 2.11.2015), George Pedler, Heather Norton, Roger Laube, Michael Howell (A 22.2.2016), Rebecca Habner (Company Secretary).

2016/17

Michael Howell (Chairman), Wendy Holman, Whitney Wright, Peter Glover, Michael Minhard, Jill Wedd, John Wood, George Pedler, Heather Norton, Roger Laube (R 7.11.2016), Rebecca Habner (Company Secretary).

2017/18

Michael Howell (Chairman), Wendy Holman, Whitney Wright, Peter Glover, Michael Minhard (R 6.11.2017), Jill Wedd, John Wood (R 6.11.2017), Elizabeth Holley (A 28.12.2017), Terry Habner (A 26.3.2018), George Pedler, Heather Norton, Ingrid Kennerley (Company Secretary).

2018/19

Michael Howell (Chairman), Wendy Holman (R 5.11.2018), Whitney Wright (R 5.11.2018), Peter Glover, Adam Richardson (A 17.12.2018), Jill Wedd, Mike Ford (A 22.1.2019), Elizabeth Holley, Terry Habner, George Pedler, Heather Norton, Ingrid Kennerley (Company Secretary).

A = Appointed R = Resigned

Past and present Directors and staff (continued)

2019/20

Michael Howell (Chairman), Peter Glover, Jill Wedd, Mike Ford, Adam Richardson, Elizabeth Holley, Terry Habner, George Pedler, Heather Norton, Ingrid Kennerley (Company Secretary).

2020/2021

Michael Howell (Chairman), Peter Glover, Adam Richardson, Jill Wedd, Mike Ford, Elizabeth Holley, George Pedler, Heather Norton, Terry Habner (R 2.11.2020), Connie Andrew (A 25.1.2021), Mark Dickinson (A 25.1.2021), Ingrid Kennerley (Company Secretary).

2021/2022

Michael Howell (Chairman), Peter Glover, Adam Richardson, Jill Wedd, Mike Ford, Elizabeth Holley, George Pedler, Heather Norton, Connie Andrew, Mark Dickinson, Ingrid Kennerley (Company Secretary).

Staff – Community Bank Cummins District

2000/01

Chris Miller (Branch Manager), Tanya McGuire, Christine Koch, Kate Doudle, Anne Russell.

2001/02

Chris Miller (Branch Manager), Christine Koch, Kate Doudle, Anne Russell, Sonya Phelps.

2002/03

Chris Miller (Branch Manager), Christine Koch, Kate Doudle, Anne Russell, Sonya Phelps, Lorrae Lawrie.

2003/04

Chris Miller (Branch Manager), Christine Koch, Kate Doudle, Anne Russell, Sonya Phelps, Lorrae Lawrie, Claire Bourke.

2004/05

Chris Miller (Branch Manager), Christine Koch, Anne Russell, Sonya Phelps, Claire Bourke, Leanne Pringle.

2005/06

Chris Miller (Branch Manager), Anne Russell, Claire Bourke, Leanne Pringle, Caro Meyers, Kate Mitchell.

2006/07

Chris Miller (Branch Manager), Anne Russell, Claire Bourke, Leanne Pringle, Caro Meyers, Kate Mitchell, Rebecca Murnane.

2007/08

Chris Miller (Branch Manager), Caro Meyers, Kate Hancock, Josie Turnbull, Kerry Hanson, Patrina Coombs.

2008/09

Chris Miller (Branch Manager), Caro Meyers, Kate Hancock (ML), Josie Turnbull (ML), Kerry Head, Patrina Coombs, Vikki Phillips, Bernie Redden, Mel Richardson.

2009/10

Chris Miller (Branch Manager), Caro Meyers, Josie Turnbull, Kerry Head (ML), Patrina Coombs, Vikki Phillips, Bernie Redden, Mel Richardson, Zan Cafuta, Josie Turnbull (Business Promotions Officer).

2010/11

Chris Miller/Brenton Parsons (Branch Manager), Caro Meyers, Josie Turnbull, Kerry Head, Patrina Coombs, Vikki Phillips, Bernie Redden, Zan Cafuta, Matthew Piper (School Base trainee), Josie Turnbull (Business Promotions Officer).

2011/12

Brenton Parsons (Branch Manager), Caro Meyers, Kerry Head, Patrina Coombs, Vikki Phillips, Bernie Redden, Zan Cafuta, Amy Fuss, Josie Turnbull (Business Promotions Officer).

2012/13

Josie Turnbull/Braden Gale (Branch Manager), Caro Meyers, Kerry Head (ML), Vikki Phillips, Bernie Redden, Zan Cafuta, Amy Fuss, Belinda-Jane Moroney, Holly-Elise Pervan (School Base trainee).

2013/14

Braden Gale (Branch Manager), Caro Meyers, Kerry Head, Vikki Phillips, Zan Cafuta, Amy Fuss, Belinda-Jane Moroney, Holly-Elise Pervan, Josie Turnbull (ML), Ally Mooney, Shilo Perry-Byrne (School Base trainee), Amanda Puckridge (Business Promotions Officer).

2014/15

Braden Gale (Branch Manager), Caro Meyers, Kerry Head, Vikki Phillips, Zan Cafuta, Amy Fuss, Holly-Elise Pervan, Ally Mooney, Kate Pilgrim (School Base trainee), Amanda Puckridge (Business Promotions Officer).

2015/16

Braden Gale (Branch Manager), Caro Meyers, Vikki Phillips, Zan Cafuta, Amy Fuss, Holly-Elise Pervan, Ally Mooney, Kate Pilgrim (School Base trainee), Georgia Borthwick (School Base trainee), Amanda Puckridge (Business Promotions Officer).

2016/17

Braden Gale (Branch Manager), Caro Meyers, Vikki Phillips, Zan Cafuta, Amy Fuss (ML), Holly-Elise Pervan, Ally Mooney, Josie Turnbull, Georgia Borthwick, Amanda Puckridge (Business Promotions Officer).

2017/18

Braden Gale (Branch Manager), Caro Meyers, Vikki Phillips, Zan Cafuta, Amy Fuss, Holly-Elise Pervan, Josie Turnbull, Joannah Baptiste, Georgia Borthwick, Ann Mayo (School Base Trainee), Amanda Puckridge (Business Promotions Officer).

2018/19

Braden Gale (Branch Manager), Caro Meyers, Vikki Phillips, Zan Cafuta, Amy Fuss, Holly-Elise Pervan, Josie Turnbull, Joannah Baptiste, Amanda Puckridge (Business Promotions Officer).

2019/20

Braden Gale (Branch Manager), Caro Meyers, Vikki Phillips, Zan Cafuta, Amy Fuss, Holly-Elise Pervan, Josie Turnbull, Joannah Baptiste, Leah Trenberth, Charlie Shepperd (School Base trainee), Amanda Puckridge (Business Promotions Officer).

2020/21

Braden Gale (Branch Manager), Caro Meyers, Vikki Phillips, Zan Cafuta, Amy Fuss, Josie Turnbull, Joannah Baptiste, Leah Trenberth, Morrisa Richardson, Amanda Puckridge (Business Promotions Officer).

2021/22

Braden Gale (Branch Manager), Judy Arbery (Branch Operations Manager), Caro Meyers, Zan Cafuta, Amy Fuss, Josie Turnbull, Joannah Baptiste, Leah Trenberth, Morrisa Richardson, Margie Devine, Amanda Puckridge (Business Promotions Officer).

Community contributions 2021/22

Investment Program Recipients		
Coffin Bay Progress Assoc	Roof / ceiling repair to Coffin Bay Hall	\$5,000.00
Cummins Memorial Recreation Centre	New Rec Centre Entrance Gates	\$6,000.00
Cummins Tennis Club	Cummins Town Courts Lights Upgrade	\$15,000.00
West Coast Youth & Community Support	Mentally Fit EP	\$25,000.00
Cummins Bowling Club	Install Synthetic Green	\$44,000.00
Coffin Bay Yacht Club	New Jetty	\$60,000.00
Cummins Area School	Pre-School Outdoor Upgrade	\$64,812.45
Education, Scholarships & Research		
Dylan Bond	2021 Scholarship Program	\$5,000.00
Olivia Turner	2021 Scholarship Program	\$5,000.00
Livinia Kerley	2021 Community Upskill Program Bursary	\$5,000.00
Connie Andrew	2021 Community Upskill Program Bursary	\$2,500.00
Julie Wilksch	2021 Community Upskill Program Bursary	\$2,500.00
Cummins Area School	2021 Youth Opportunities - shirts	\$870.22
Cummins Area School	Youth Opportunities 2021	\$10,000.00
Cummins Area School	Youth Opportunities 2022	\$10,000.00
AIR EP	2021/22 Patnership	\$1,000.00
Community Partnerships & Investments		
Wudinna Show Shearing Comp	2021 Wudinna Show Shearing Comp	\$1,000.00
Cummins District Enterprise Committee	Cummins Mosaic Group - 21st Birthday initiative	\$2,000.00
Yallunda Flat A & H Society	2021 Yallunda Flat Show	\$500.00
Cummins District Enterprise Committee	2022 Lights Competition & Fireworks	\$9,150.00
Step It Up	2022 Dance Workshop	\$250.00
District Council of Lower Eyre Peninsula	Economic & Community Development Officer role FY22	\$17,771.52
Cummins District Enterprise Committee	Community Project Officer role FY22	\$14,300.00
Minnipa & Dist Swimming Pool	Installation of new fence	\$2,000.00
Wudinna Bowls Club	Install solar panels on club house	\$2,000.00
Wudinna & LeHunte Dist AH & F Society	Outdoor table & chairs	\$2,000.00
Kyancutta Community Club	Installation of phone booster	\$1,000.00
Wudinna Community Club	Extend servery window	\$2,000.00

Community contributions 2021/22 (continued)

Sport & Recreation Sponsorship		
Cummins Gym Club	21st Birthday initiative	\$1,000.00
Great Flinders Netball Assoc	2021 Grand Final Umpires flights & trophy sponsorship	\$520.00
Cummins Bowling Club	2021/22 Season	\$1,000.00
Great Flinders Tennis Assoc	2021 Junior Tennis Tournament	\$1,000.00
Cummins Tennis Club	2021/22 Season	\$750.00
Great Flinders Football League	2021 Premiership Cup	\$150.00
Great Flinders Southern Eyre Junior Cricket Assoc	Trophies 21/22 & 22/23 seasons	\$500.00
Wudinna Play Gym	Foam Ball Kit (Pit)	\$1,000.00
Kyancutta Cricket Club	Cricket balls & playing equipment	\$1,200.00
Tumby Bay Area School	EEPASSA Sports Day	\$350.00
Wudinna Tennis Club	Purchase of new equipment (nets, hot water)	\$2,000.00
Minnipa Bowling Club	2022 Skins Tournament	\$200.00
Kapinnie / Mt Hope Cricket Club	21/22 Sponsorship	\$1,500.00
Coffin Bay Bowling Club	2022 Sponsorship	\$200.00
Cummins Rambler Football Club	2022 Sponsorship	\$1,000.00
Lock Football & Netball Club	2022 Sponsorship	\$1,400.00
Cummins Rambler Netball Club	2022 Sponsorship	\$700.00
Southern Eyre Hunt Club	Marquee Hire - Combined State Hunt	\$3,000.00
Elliston Districts Football & Netball Club	2022 Sponsorship	\$250.00
Cummins Golf Club	2022 Sponsorship	\$1,800.00
Cummins Kapinnie Netball Club	2022 Sponsorship	\$700.00
United Yeelanna Football & Netball Club	2022 Sponsorship	\$1,700.00
Cummins Kapinnie Football & Netball Club	Aprons for kitchen	\$210.60



Directors' report

For the financial year ended 30 June 2022

The Directors present their report, together with the financial statements, on Cummins District Financial Services Limited for the financial year ended 30 June 2022.

Board of Directors

The following persons were Directors of Cummins District Financial Services Limited during the whole of the financial year up to the date of this report, unless otherwise stated:

Michael Howell

Title: Chair

Qualifications:

Experience & Expertise: Director since February 2016, Chairperson since November 2016 and part of the HR and Audit Committees. Previously a Director for 2 terms as well. Now Semi-retired, community volunteer, was previously Aerotech Operations Manager for 18 years, Sales Agronomist for 8 years, Farmer for 20 years.

George Pedler

Title: Deputy Chair

Qualifications: Bachelor of Agriculture

Experience & Expertise: Director since January 2014 and part of the Business Development Committee. Currently Committee Member of several local sporting & community groups, past committee member of LEADA. Farm Consultant and Agronomist for the past 16 years and Small Business Owner/ Manager since January 2014.

Michael Ford

Title: Non-Executive Director

Qualifications: Teaching Degree

Experience & Expertise: Director & part of EP Marketing committee. Deputy Principal & High School (secondary) Teacher. 37 years of teaching in schools.

Adam Richardson

Title: Non-Executive Director

Qualifications:

Experience & Expertise: Director since 2018 & part of Building & House Committee. Electrician - owner & manager of own business, Linesman (Trade Skilled Worker with ETSA now SA Power Networks) & Supermarket retail owner.

Jillian Wedd

Title: Non-Executive Director

Qualifications:

Experience & Expertise: Director since June 2014 and part of the Business Promotion Committee. Owner/ Manager of John Deere Machinery dealership for 30 years and Senior Administrator at Cummins Garage.

Directors' report (continued)

Board of Directors (continued)

Elizabeth Holley

Title: Non-Executive Director
Qualifications: Bachelor of Arts (Honours Zoology), Graduate Diploma of Education
Experience & Expertise: Currently Director & part of Audit & HR Committee. Current and past member of numerous local committees, including holding positions of President, Secretary and Treasurer.

Heather Norton

Title: Non-Executive Director
Qualifications:
Experience & Expertise: Director since November 2010 and part of the Business Promotions Committee & EP Marketing Committee. Business Manager/ Owner/ Secretary of Norton's Transport. Currently & past committee member of several sporting & community groups, & volunteer.

Peter Glover

Title: Non-Executive Director
Qualifications: GAICD (Graduate of Australian Institute of Company Directors)
Experience & Expertise: Director since November 2005. Chairperson from November 2010 to November 2016 as well as part of the HR and Audit Committees. Farmer.

Mark Dickinson

Title: Non-Executive Director
Qualifications: Trade certificate/ Fitter and Turner
Experience & Expertise: Part owner and director of Cummins Ag Services for 21 years.

Connie Andrew

Title: Non-Executive Director
Qualifications: Bachelor of Physiotherapy
Experience & Expertise: Business Owner & Principal Therapist.

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company.

Directors' report (continued)

Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Michael Howell	11	10	3	3
George Pedler	11	8	-	-
Michael Ford	11	9	-	-
Adam Richardson	11	8	-	-
Jillian Wedd	11	8	-	-
Elizabeth Holley	11	11	3	2
Heather Norton	11	10	-	-
Peter Glover	11	10	3	2
Mark Dickinson	11	11	-	-
Connie Andrew	11	8	-	-

A - The number of meetings eligible to attend.

B - The number of meetings attended.

-- Not a member of that committee.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Ingrid Kennerley

Qualifications: Degree in Natural Resources Management and Graduate Diploma in Agriculture

Experience & Expertise: Company Secretary since 14 June 2018. Office Manager for the Cummins Milling Co, Treasurer of Great Flinders Football League, Treasurer of the Cummins Memorial Swimming Pool, Treasurer of the Reds Rambler Canteen and past Secretary of the Cummins Rambler Netball Club.

Principal Activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating Results

The profit of the company for the financial year after provision for income tax was:

	30 June 2022 (\$)	30 June 2021 (\$)	Movement
Profit After Tax	358,550	134,587	0%

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Directors' report (continued)

Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2021	Changes During the Year	Balance at 30 June 2022
Michael Howell	500	-	500
George Pedler	1,000	-	1,000
Michael Ford	-	-	-
Adam Richardson	-	-	-
Jillian Wedd	1,000	-	1,000
Elizabeth Holley	1,000	1,000	2,000
Heather Norton	17,500	-	17,500
Peter Glover	5,300	-	5,300
Mark Dickinson	4,000	-	4,000
Connie Andrew	-	-	-

Dividends

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

	Cents per Share	Total Amount (\$)
Final fully franked dividend	10.00	43,581
Total Amount	10.00	43,581

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant Changes in the State of Affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events Since the end of the Financial Year

Cummins District Financial Services Limited purchased the revenue right of Tumby Bay District Financial Services Limited with settlement effective on 1st August 2022. Refer to Note 30 for further details.

No other matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely Developments

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

Directors' report (continued)

Environmental Regulations

The company is not subject to any significant environmental regulation.

Indemnification & Insurance of Directors & Officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Proceedings on Behalf of the Company

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

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

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 (RSD Audit) for audit and non-audit services provided during the year are set out in Note 27 to the accounts.

The Board of Directors 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 are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- 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 on page 13 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Cummins, SA.



Michael Howell
Chair

Dated this 26th day of September, 2022

Auditor's independence declaration



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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Auditors Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Cummins District Financial Services Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Cummins District Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in black ink, appearing to read 'P. Delahunty', with a stylized flourish at the end.

Phil Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 28 September 2022

Financial statements

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

	Note	2022 \$	2021 \$
Revenue			
Revenue from contracts with customers	7	1,654,056	1,354,761
Other revenue	8	14,853	79,797
		1,668,909	1,434,558
Expenses			
Employee benefits expense	9	(612,073)	(628,221)
Depreciation and amortisation	9	(52,466)	(47,731)
Finance costs	9	(15)	(9)
Bad and doubtful debts expense		2,269	(380)
Accounting, auditing and compliance expenses		(19,274)	(22,894)
Advertising and promotion		(25,638)	(12,585)
Agent commission		(57,884)	(47,230)
ATM Cost		(8,599)	(8,544)
Freight, cartage and delivery		(11,830)	(11,066)
Insurance		(19,993)	(18,718)
IT costs		(25,775)	(29,410)
Motor vehicle expenses		(5,244)	(5,198)
Occupancy expenses		(31,399)	(29,669)
Printing and stationary		(10,101)	(14,730)
Impairment loss on investments		-	(1,862)
Other expenses		(31,057)	(29,033)
		(909,079)	(907,280)
Operating profit before charitable donations and sponsorship		759,830	527,278
Charitable donations and sponsorship	9	(280,579)	(353,272)
Profit before income tax		479,251	174,006
Income tax expense	10	(120,701)	(39,419)
Profit for the year after income tax		358,550	134,587
Other comprehensive income - revaluation of financial assets		(5,101)	12,333
Total comprehensive income for the year		353,449	146,920
Profit attributable to the ordinary shareholders of the company		353,449	146,920
Total comprehensive income attributable to ordinary shareholders of the company		353,449	146,920
Earnings per share			
- basic and diluted earnings per share	29	81.10	33.71

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	11	556,957	153,443
Trade and other receivables	12	158,303	127,658
Financial assets	13	43,436	50,237
Other assets	14	22,560	12,021
Total current assets		781,256	343,359
Non-current assets			
Property, plant and equipment	15	657,514	674,847
Intangible assets	16	44,804	57,760
Deferred tax assets	17	61,903	49,732
Total non-current assets		764,221	782,339
Total assets		1,545,477	1,125,698
Liabilities			
Current liabilities			
Trade and other payables	18	56,618	51,473
Current tax liability	17	103,599	29,297
Borrowings	19	392	257
Employee benefits	20	119,604	88,827
Total current liabilities		280,213	169,854
Non-current liabilities			
Employee benefits	20	7,000	7,448
Total non-current liabilities		7,000	7,448
Total liabilities		287,213	177,302
Net assets		1,258,264	948,396
Equity			
Issued capital	21	435,809	435,809
Retained earnings	22	815,953	500,984
Reserves	23	6,502	11,603
Total equity		1,258,264	948,396

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Reserves \$	Total equity \$
Balance at 1 July 2020		435,809	453,559	(730)	888,638
Comprehensive income for the year					
Profit for the year		-	134,587	-	134,587
Other comprehensive income for the year		-	-	12,333	12,333
<i>Transactions with owners in their capacity as owners</i>					
Dividends paid or provided	28	-	(87,162)	-	(87,162)
Balance at 30 June 2021		435,809	500,984	11,603	948,396
Balance at 1 July 2021		435,809	500,984	11,603	948,396
Comprehensive income for the year					
Profit for the year		-	358,550	-	358,550
Other comprehensive income for the year		-	-	(5,101)	(5,101)
<i>Transactions with owners in their capacity</i>					
Dividends paid or provided	28	-	(43,581)	-	(43,581)
Balance at 30 June 2022		435,809	815,953	6,502	1,258,264

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2022

	Notes	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers		1,800,426	1,430,588
Payments to suppliers and employees		(1,278,068)	(1,191,739)
Dividends received		3,626	1,916
Interest received		12	248
Income tax refund / (paid)		(56,872)	8,208
Net cash flows provided by operating activities	24b	469,124	249,221
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		243	28,182
Proceeds from sale of investments		-	1,862
Purchase of property, plant and equipment		(22,407)	(57,627)
Purchase of intangible assets		-	(64,778)
Net cash flows used in investing activities		(22,164)	(92,361)
Cash flows from financing activities			
Proceeds from borrowings		135	129
Dividends paid		(43,581)	(87,162)
Net cash flows used in financing activities		(43,446)	(87,033)
Net increase in cash held		403,514	69,827
Cash and cash equivalents at beginning of financial year		153,443	83,616
Cash and cash equivalents at end of financial year	24a	556,957	153,443

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Corporate Information

These financial statements and notes represent those of Cummins District Financial Services Limited (the Company) as an individual entity. Cummins District Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 26th September 2022.

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 26.

Note 2. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

Note 3. Summary of Significant Accounting Policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Banks branch at Cummins.

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

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

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

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

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

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- 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.

(b) Revenue From Contracts With Customers

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the company – 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:

$$\begin{array}{l}
 \text{Interest paid by customers on loans, less interest paid to customers on deposits} \\
 \textit{plus} \\
 \text{Deposit returns (i.e. interest return applied by BABL on deposits)} \\
 \textit{minus} \\
 \text{Any costs of funds (i.e. interest applied by BABL to fund a loan)}
 \end{array}$$

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

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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 and Adelaide Bank entities including fees for loan applications and account transactions.

Core Banking Products

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

Ability to Change Financial Return

Under the franchise agreement, Bendigo and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) Other Revenue

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	Revenue Recognition Policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Cash Flow Boost

During the financial year, 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 businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is 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 when the cash flow of the company improves.

(d) Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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.

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 estimate future cash outflows.

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

(e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current Income 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.

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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Goods & Services Tax

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.
- when receivables and payables are stated with the amount of GST included.

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.

(f) Cash & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand.

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Buildings	Straight line	40 years
Plant & equipment	Diminishing value	1 - 25 years

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

(h) Intangible Assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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

Asset Class	Method	Useful Life
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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

(i) 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, leases.

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification & Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial Assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial Liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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.

(j) Impairment

Non-derivative Financial Instruments

The company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECLs 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.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of ECL in Financial Statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide 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 and Adelaide Bank and found no instances of default. As a result no impairment loss allowance 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 amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

(k) Issued Capital

Ordinary Shares

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

(l) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 January 2020 that are expected to have a significant impact on the company's financial statements.

(m) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 4. Significant Accounting Judgements, Estimates & Assumptions

During preparation of the financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 17 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 15 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 20 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases through promotion and inflation

Note 5. Financial Risk Management

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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 utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

Notes to the financial statements (continued)

Note 5. Financial Risk Management (continued)

(a) 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 has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

(b) 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.

(c) Market Risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

Cash Flow & Fair Values Interest Rate Risk

Interest-bearing assets are held with Bendigo and Adelaide 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 \$556,957 at 30 June 2022 (2021: \$153,443). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 6. 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:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) 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 year ended 30 June 2022 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.

Notes to the financial statements (continued)

Note 7. Revenue From Contracts With Customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2022 \$	2021 \$
Revenue		
- Revenue from contracts with customers	1,654,056	1,354,761
	1,654,056	1,354,761
<i>Disaggregation of Revenue From Contracts With Customers</i>		
- Margin income	768,752	742,609
- Fee income	57,548	58,056
- Commission income	827,756	554,096
	1,654,056	1,354,761

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Note 8. Other Revenue

The company generates other sources of revenue as outlined below.

	2022 \$	2021 \$
Other Revenue		
- Interest received	12	248
- Dividends received	3,626	1,916
- Rental income	10,400	10,400
- Other revenue	815	67,233
	14,853	79,797

Note 9. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2022 \$	2021 \$
<i>Employee Benefits Expense</i>		
- Wages & salaries	503,678	536,319
- Superannuation costs	51,580	50,749
- Other expenses related to employees	56,815	41,153
	612,073	628,221

Notes to the financial statements (continued)

Note 9. Expenses (continued)

(b) Depreciation & Amortisation Expense

	2022 \$	2021 \$
<i>Depreciation of Non-current Assets</i>		
- buildings	17,370	17,369
- plant and equipment	22,140	17,845
	39,510	35,214
<i>Amortisation of Intangible Assets</i>		
- franchise fees	12,956	12,196
- establishment costs	-	321
	12,956	12,517
Total depreciation & amortisation expense	52,466	47,731

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Finance Costs

	2022 \$	2021 \$
<i>Finance Costs</i>		
- Interest paid	15	9
	15	9

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

(d) Community Investments & Sponsorship

The overarching philosophy of the Community Bank model is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	2022 \$	2021 \$
<i>Community Investments & Sponsorship</i>		
- Direct sponsorship and grant payments	122,684	74,325
- Contribution to the Community Enterprise Foundation™ (ex GST)	157,895	278,947
	280,579	353,272

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Notes to the financial statements (continued)

Note 9. Expenses (continued)

(e) Community Enterprise Foundation™ Contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of community investments and sponsorship expenditure included in profit or loss.

	2022 \$	2021 \$
<i>Disaggregation of CEF Funds</i>		
Opening balance	1,453,775	1,389,240
Contributions paid	173,684	306,842
Grants paid out	(254,794)	(226,392)
Interest received	5,837	8,405
GST	(2,290)	(10,374)
Management fees incurred	(6,356)	(13,946)
Balance available for distribution	1,369,856	1,453,775

Note 10. Income Tax Expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The Components of Tax Expense

	2022 \$	2021 \$
Current tax expense	131,172	37,147
Deferred tax expense	(11,921)	3,385
Deferred tax recognised in OCI	1,700	(4,177)
Under / (over) provision of prior years	(250)	3,064
	120,701	39,419

(b) Prima Facie Tax Payable

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2022 \$	2021 \$
Prima facie tax on profit before income tax at 25% (2021: 26%)	119,813	45,242
Add Tax Effect Of:		
- Under / (over) provision of prior years	(250)	3,064
- Non-deductible expenses	1,139	966
- Non-deductible franchise fee amortisation	-	83
- Impairment loss - Free Eyre	-	484
- ATO Cash Flow Boost	-	(12,409)
- Change in company tax rates	2,476	1,989
- Temporary differences	10,220	2,781
- Movement in deferred tax	(12,697)	(2,781)
Income tax attributable to the entity	120,701	39,419
The applicable weighted average effective tax rate is:	25.19%	22.65%

Notes to the financial statements (continued)

Note 11. Cash & Cash Equivalents

	2022 \$	2021 \$
Cash at bank and on hand	556,957	153,443
	556,957	153,443

Cash and cash equivalents include cash on hand and cash at bank.

Note 12. Trade & Other Receivables

	2022 \$	2021 \$
Current		
Trade receivables	158,300	126,555
Other receivables	3	71
GST Receivable	-	1,032
	158,303	127,658

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Note 13. Financial Assets

	2022 \$	2021 \$
Listed investments	43,436	50,237
	43,436	50,237

Note 14. Other Assets

	2022 \$	2021 \$
Prepayments	22,560	12,021
	22,560	12,021

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Notes to the financial statements (continued)

Note 15. Property, Plant & Equipment

(a) Carrying Amounts

	2022 \$			2021 \$		
	At Cost	Accumulated Depreciation	Written Down Value	At Cost	Accumulated Depreciation	Written Down Value
Buildings	715,437	199,884	515,553	705,437	182,514	522,923
Land	52,500	-	52,500	52,500	-	52,500
Plant & equipment	353,283	263,822	89,461	341,106	241,682	99,424
	1,121,220	463,706	657,514	1,099,043	424,196	674,847

(b) Movements in Carrying Amounts

2022	Buildings \$	Land \$	Plant & Equipment \$
Opening carrying value	522,923	52,500	99,424
Additions	10,000	-	12,407
Disposals	-	-	(230)
Depreciation expense	(17,370)	-	(22,140)
Closing carrying value	515,553	52,500	89,461

2021	Buildings \$	Land \$	Plant & Equipment \$
Opening carrying value	540,292	52,500	70,567
Additions	-	-	57,627
Disposals	-	-	(10,925)
Depreciation expense	(17,369)	-	(17,845)
Closing carrying value	522,923	52,500	99,424

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2022 (2021: None).

(d) 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 16. Intangible Assets

(a) Carrying Amounts

	2022 \$			2021 \$		
	At Cost	Accumulated Amortisation	Written Down Value	At Cost	Accumulated Amortisation	Written Down Value
Franchise fees	64,778	19,974	44,804	121,262	63,502	57,760
Establishment fees	-	-	-	15,627	15,627	-
	64,778	19,974	44,804	136,889	79,129	57,760

Notes to the financial statements (continued)

Note 16. Intangible Assets (continued)

(b) Movements in Carrying Amounts

2022	Franchise Fees \$	Establishment Fees \$
Opening carrying value	57,760	-
Amortisation expense	(12,956)	-
Closing carrying value	44,804	-

2022	Franchise Fees \$	Establishment Fees \$
Opening carrying value	5,178	321
Additions	64,778	-
Amortisation expense	(12,196)	(321)
Closing carrying value	57,760	-

Note 17. Tax Assets & Liabilities

(a) Current Tax

	2022 \$	2021 \$
Income tax payable	103,599	29,297

(b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2022:

	30 June 2021 \$	Recognised in P & L \$	Recognised in Equity \$	30 June 2022 \$
<i>Deferred Tax Assets</i>				
- Expense accruals	1,226	24	-	1,250
- Property, plant & equipment	28,370	2,597	-	30,967
- Employee provisions	24,069	7,582	-	31,651
Total deferred tax assets	53,665	10,203	-	63,868
<i>Deferred Tax Liabilities</i>				
- Accrued income	18	(18)	-	-
- Financial assets carried at FVTOCI	3,915	-	(1,950)	1,965
Total deferred tax liabilities	3,933	(18)	(1,950)	1,965
Net deferred tax assets/(liabilities)	49,732	10,221	1,950	61,903

Notes to the financial statements (continued)

Note 17. Tax Assets & Liabilities (continued)

Movement in the company's deferred tax balances for the year ended 30 June 2021:

	30 June 2020 \$	Recognised in P & L \$	Recognised in Equity \$	30 June 2021 \$
<i>Deferred Tax Assets</i>				
- Expense accruals	1,334	(108)	-	1,226
- Financial assets carried at FVTOCI	277	-	(277)	-
- Property, plant & equipment	28,351	19	-	28,370
- Employee provisions	26,321	(2,252)	-	24,069
Total deferred tax assets	56,283	(2,341)	(277)	53,665
<i>Deferred Tax Liabilities</i>				
- Accrued income	101	(83)	-	18
- Financial assets carried at FVTOCI	-	-	3,915	3,915
Total deferred tax liabilities	101	(83)	3,915	3,933
Net deferred tax assets/(liabilities)	56,182	(2,258)	(4,192)	49,732

Note 18. Trade & Other Payables

	2022 \$	2021 \$
Current		
Trade creditors	21,695	30,933
Other creditors and accruals	21,284	20,540
GST Payable	13,639	-
	56,618	51,473

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 19. Borrowings

	2022 \$	2021 \$
Current		
<i>Secured Liabilities</i>		
Bank loan	392	257
Total borrowings	392	257

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the financial statements (continued)

Note 19. Borrowings (continued)

The company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 4.660%. This loan has been created to fund the purchase of the Branch Managers residence and is secured by the freehold of the land and buildings of the company.

Note 20. Employee Benefits

	2022 \$	2021 \$
Current		
Provision for annual leave	40,667	34,374
Provision for long service leave	78,937	54,453
	119,604	88,827
Non-Current		
Provision for long service leave	7,000	7,448
	7,000	7,448

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee Attrition Rates

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.

Note 21. Issued Capital

(a) Issued Capital

	2022		2021	
	Number	\$	Number	\$
Ordinary shares - fully paid	435,809	435,809	435,809	435,809
	435,809	435,809	435,809	435,809

Ordinary shares are classified as equity.

(b) Movements in share capital

	2022 \$	2021 \$
<i>Fully paid ordinary shares:</i>		
At the beginning of the reporting period	435,809	435,809
Shares issued during the year	-	-
At the end of the reporting period	435,809	435,809

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Notes to the financial statements (continued)

Note 22. Retained Earnings

	Note	2022 \$	2021 \$
Balance at the beginning of the reporting period		500,984	453,559
Profit for the year after income tax		358,550	134,587
Dividends paid	28	(43,581)	(87,162)
Balance at the end of the reporting period		815,953	500,984

Note 23. Reserves

	2022 \$	2021 \$
Asset Revaluation Reserve		
Balance at the beginning of the reporting period	11,603	(730)
Fair value movements during the period	(5,101)	12,333
Balance at the end of the reporting period	6,502	11,603

The reserves represent undistributable gains recognised on the revaluation of financial assets.

Note 24. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	2022 \$	2021 \$
Cash and cash equivalents (Note 11)	556,957	153,443
As per the Statement of Cash Flows	556,957	153,443

(b) Reconciliation of cash flow from operations with profit after income tax

	2022 \$	2021 \$
Profit for the year after income tax	358,550	134,587
Non-cash flows in profit		
- Depreciation	39,513	35,214
- Amortisation	12,956	12,517
- Net (profit) on disposal of property, plant & equipment	-	(17,257)
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(30,663)	15,451
- (Increase) / decrease in prepayments and other assets	(10,539)	15,360
- (Increase) / decrease in deferred tax asset	(12,171)	6,449
- Decrease in current tax assets	76,000	41,178
- Increase in trade and other payables	5,149	5,158
- Increase in provisions	30,329	564
Net cash flows from operating activities	469,124	249,221

Notes to the financial statements (continued)

Note 25. Financial Instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2022 \$	2021 \$
Financial Assets			
Trade and other receivables	12	158,303	127,658
Cash and cash equivalents	11	556,957	153,443
		715,260	281,101
Financial Liabilities			
Trade and other payables	18	56,618	51,473
Borrowings	19	392	257
		57,010	51,730

Note 26. Related Parties

(a) Key Management Personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key Management Personnel Compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

(c) Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(d) Transactions With Key Management Personnel & Related Parties

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
Cummins IGA - Related Party of Adam Richardson	Purchase of staff amenities	1,506
Norton Transport Pty Ltd - Related Party of Heather Norton	Purchase of goods	17

(e) Key Management Personnel Shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(f) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

Notes to the financial statements (continued)

Note 27. Auditor's Remuneration

The appointed auditor of Cummins District Financial Services Limited for the year ended 30 June 2022 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2022 \$	2021 \$
<i>Audit & Review Services</i>		
Audit and review of financial statements (RSD Audit)	5,450	5,300
	5,450	5,300
<i>Non-Audit Services</i>		
Other non-audit services	1,700	1,700
	1,700	1,700
Total auditor's remuneration	7,150	7,000

Note 28. Dividends

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2022		2021	
	Number	\$	Number	\$
Fully franked dividend	435,809	43,581	435,809	87,162
Dividends provided for and paid during the year	435,809	43,581	435,809	87,162

The tax rate at which dividends have been franked is 25% (2021: 26%).

Note 29. Earnings Per Share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2022 \$	2021 \$
Profit attributable to ordinary shareholders	353,449	146,920
	Number	Number
Weighted average number of ordinary shares	435,809	435,809
	¢	¢
Basic and diluted earnings per share	81.10	33.71

Note 30. Events After the Reporting Period

Cummins District Financial Services Limited purchased the revenue right of Tumby Bay District Financial Services Limited (TBDFSL) for a purchase price of \$685,000 (exclusive of GST), with settlement effective on 1st August 2022. The footings of TBDFSL as at 31st July 2022 was \$85,798,541 plus Rural Bank leasing. A loan of \$600,000 was taken with Bendigo Bank over a 6-year term (with date of facility 21st July 2022) for the purchase, with expected increase to associated profit of \$94,200 per annum (after Agency Commission and miscellaneous expenses, and associated sponsorships).

Notes to the financial statements (continued)

Note 31. Commitments & Contingencies

Details about any capital commitments are detailed in Note 15(c).

The company committed to the purchase of Tumby Bay District Financial Services Limited for a purchase price of \$685,000 (exclusive of GST), with settlement effective on 1st August 2022.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

Note 32. Company Details

The registered office and principal place of business of the company is:

Cummins District Financial Services Limited 18 Railway Terrace Cummins, SA 5631

Note 33. Fair Value Measurements

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- listed investments

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13: Fair value measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level	Measurement Details
Level 1	Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Notes to the financial statements (continued)

Note 33. Fair Value Measurements (continued)

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

30 June 2022				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring Fair Value Measurements				
Financial Assets				
Listed investments	43,436	-	-	43,436
	43,436	-	-	43,436

30 June 2021				
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring Fair Value Measurements				
Financial Assets				
Listed investments	50,237	-	-	50,237
	50,237	-	-	50,237

There were no transfers between levels for assets measured at fair value on a recurring basis during the reporting period (2021: no transfers).

(b) Valuation Techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

Approach	Valuation Details
Market Approach	Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
Income Approach	Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
Cost Approach	Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Directors' declaration

For the financial year ended 30 June 2022

In accordance with a resolution of the directors of Cummins District Financial Services Limited, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the company are 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 performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the board of directors.



Michael Howell
Chair

Dated this 26th day of September, 2022

Independent audit report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CUMMINS DISTRICT FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Cummins District Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Cummins District 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 performance for the year then ended; 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. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

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Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, 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, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit

Chartered Accountants

A handwritten signature in black ink, appearing to read 'P. Delahunty', with a stylized flourish at the end.

Phil Delahunty

Partner
Bendigo

Dated: 28 September 2022

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