

Annual Report 2022

Geographe Bay Community
Enterprises Limited

Community Bank
Busselton and Dunsborough

ABN 40 146 993 982



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Chairman's report

For year ending 30 June 2022

On behalf of the board and staff of Geographe Bay Community Enterprises Limited, I am pleased to present the introduction and overview to the 2021-2022 Annual Report.

The last financial year once again saw the continuing effects of COVID and the extension of a buoyant property market. Towards the end of the financial year we saw interest rates start to rise, which saw an immediate positive impact on our business.

Our branch staff had some changes this year again with Pauline moving from Assistant Branch Manager to Business Development Manager. This is allowing our business to generate more business opportunities as we continue to experience significant growth. This meant that we have also welcomed back Kelly Stone as our Assistant Branch Manager. I would like to thank both David, Pauline, Kelly and their team for all their efforts throughout the past financial year.

This past year again, we have invested close to \$60,000 back into our local community through a range of programs. As we continue to develop and support local community groups, create new partnerships we still seeing greater referrals for our business.

Over the past year we have continued to work with and have great support from our business partners at Bendigo and Adelaide Bank. We look forward to continuing to work with them into the future as we continue to provide financial products and services to our local communities.

I would like to thank all of you in the community that do support our branches. Because of you and your commitment to us, we are able to give back to the community through local investment. I urge you to help promote what we do to your family, friends and colleagues to assist us with bettering our financial position. The more people that bank with us, the better our financial position which results in a better return on your investment.

Finally, I would like to thank our volunteer board of directors. Without you giving your time and experience, we would not be able to do what we do. I thank you for your efforts and support throughout the previous year and look forward to working with you in 2022/2023.



Joshua Jonathon Hardy
Chairperson

Branch Manager's report

For year ending 30 June 2022

During the 2021/2022 Financial Year, we celebrated the 10-year anniversary of the opening of both the Community Bank Busselton and our Bendigo Bank Dunsborough branches with our long-serving team member Chrissy who has been here since the beginning. Thanks Chrissy, for your 10 years of wonderful service and the joy you bring to our customers and team alike.

Growth and consolidation have been our major themes over the 2021/2022 Financial Year at Geographe Bay Community Enterprises Ltd.

Both our retail lending and deposits books grew substantially with many in our community seeing the benefits of moving their banking to a team that offer 'old fashioned' customer service and a business that shares profits directly with the community. Over \$30 million home loan volume was settled in the financial year from 95 transactions resulting in growth of \$20.7 million. We were also recognised at the annual awards for Highest Lending Growth for the Year – Western Australia.

With a huge uptake in electronic banking over the past three years we have seen the level of counter transactions decreasing. This has allowed a consolidation of the team, greater focus on profitable transactions and quality conversations with our supporters.

During the year, Kelly transferred into the Assistant Branch Manager (ABM) role, while Pauline has taken on the Business Development Manager (BCM) position. We have added further experience to the front-line team of Chrissy, Geeta and Deb, with Belinda joining in March 2022 with seven years experience with the Community Bank Roleystone.

The new financial year has seen increases in interest rates with predictions, from various external sources, that the cash rate could rise further by the end of 2023 – great news for our deposit holders who have been dealing with a low rate of return for the past four years.

While residential property sales in our region have remained strong since the rate rises, we have experienced a greater focus on refinance applications rather than purchase applications and a move from fixed to variable rates. This is expected to continue throughout the 2022/2023 Financial Year and into 2024.

Commercial lending for 2022 was lower than previous results however there is a significant pipeline of applications that will be funded over the next 12 months.

I take this opportunity to thank our valued customers, shareholders, the Board of Directors and the team for their hard work and support over the 2021/2022 Financial Year.



David Johnston
Branch Manager

Geographe Bay Community Enterprises Limited

Directors' report

30 June 2022

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

Directors

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

Name:	Joshua Jonathon Hardy
Title:	Chair
Experience and expertise:	Joshua is currently the General Manager of Cartec Training and also undertakes Project Management for a mining technology company in Perth for international projects. Joshua's strengths lie in Strategic Planning, Project Management, Financial Analysis and Business Improvement. Joshua is the Executive Officer and still a committee member of the Western Australian Racehorse Owners Association, of which he was treasurer for three years.
Special responsibilities:	Chair, Marketing Committee, Human Resources Committee, Finance Committee, Premises Committee
Name:	Warwick William Howard
Title:	Non-executive director
Experience and expertise:	The owner of a large food manufacturing business located in the Margaret River region. Previously experience includes the General Manager of a diverse state-wide WA business specialising in Labour Management, Accommodation and Commercial Maintenance for 7 years, and Senior Manager at BDO Chartered Accountants for 9 years.
Special responsibilities:	Treasurer, Secretary
Name:	David Markovich
Title:	Non-executive director
Experience and expertise:	David has practiced law in Western Australia and England, in private practice and in-house. David works with Lane Buck & Higgins in Busselton, Margaret River and Perth. David engages in litigation and commercial matters including employment, construction, business, criminal, property, insolvency, consumer law and occupational health and safety. David worked previously a senior research economist in State and Federal governments.
Special responsibilities:	Nil
Name:	Josephine Charlotte Harrison-Ward (appointed 7 December 2021)
Title:	Non-executive director
Experience and expertise:	Over 25 years' experience in the WA public sector including 15 at executive levels including CEO of a large organisation reporting to a board. More than 10 years' experience as a Management Consultant advising and supporting public sector and not for profit organisations and boards on board governance, functional and structural review, strategic planning and risk management. Significant board experience over three decades. Currently Chair, Geo Bay Wildlife Rescue and Chair, Gymnastics WA Governance and Nominations Committee. Qualifications include Master of Leadership and Management, Graduate Certificate of Management, Australian Institute of Company Directors graduate, Australian Institute of Management WA Fellow, 2010 Telstra Business Woman of the Year - Community and government WA, List Inspire CEO Award (2008) and Winston Churchill Fellowship (2004).
Special responsibilities:	Governance Committee

Geographe Bay Community Enterprises Limited

Directors' report

30 June 2022

Name:	Ashton Holly Warrick
Title:	Non-executive director (resigned 28 July 2022)
Experience and expertise:	Endorsed Organisational Psychologist with a Master of Applied Psychology (Organisational) and one of the Directors of ORGsight. Over a decade of public sector experience in compliance and business integrity, as well as private and public sector consulting experience covering a range of leadership, employee experience, stakeholder engagement, strategy, change management, and organisational development projects in a range of industries including mining, construction, health, education and legal.
Special responsibilities:	Company Secretary 7/9/2021 - 27/7/2022
Name:	Rebecca Cunningham
Title:	Non-executive director (resigned 27 April 2022)
Experience and expertise:	Over 12 years in Project Management or Consultant roles within both government and private industry with experience in projects within sustainability, government, IT and construction. Acting CEO for Earthmine Australia. Post Graduate Certificate in Business at UWA. President of local Naturaliste Family Playgroup.
Special responsibilities:	Marketing & Finance Committees
Name:	Claire Louise Spalding
Title:	Non-executive director (resigned 31 December 2021)
Experience and expertise:	Over 20 years of marketing brand strategy experience in Australia and UK. Currently Global Sales & Marketing Director for NOROCK, as well as Chairperson on the board for NR. BA Double degree in Communications and PR & Marketing.
Special responsibilities:	Chair of Marketing Committee
Name:	Simona Hughes
Title:	Non-executive director (resigned 24 November 2021)
Experience and expertise:	A chartered Accountant with over 20 years experience in numerous multi-national corporates in Australia and the UK, including Lloyds Banking Group. Currently acts as CFO for numerous businesses in Australia, some with global reach, providing strategic financial management services. Also owns and operates an accounting firm with a focus on business advisory to the small business sector with offices in Perth and Dunsborough.
Special responsibilities:	Former Treasurer

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

Company secretary

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

- Warwick Howard was appointed company secretary on 24 May 2018 and resigned on 7 September 2021.
- Ashton Warrick was appointed company secretary on 7 September 2021 and resigned on 28 July 2022.
- Claire Michelle Hurst was appointed company secretary on 27 July 2022.

Principal activity

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

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

Review of operations

The loss for the company after providing for income tax amounted to \$57,162 (30 June 2021: \$6,077).

Operations have continued to perform in line with expectations.

Significant changes in the state of affairs

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

Geographe Bay Community Enterprises Limited

Directors' report

30 June 2022

Matters subsequent to the end of the financial year

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

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

Likely developments

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

Environmental regulation

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

Meetings of directors

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

	Board Eligible	Attended
Joshua Jonathon Hardy	10	10
Warwick William Howard	10	9
David Markovich	10	9
Rebecca Cunningham	7	5
Ashton Holly Warrick	10	9
Josephine Charlotte Harrison-Ward	7	6
Simona Hughes	5	1
Claire Louise Spalding	5	4

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Joshua Jonathon Hardy	2,000	-	2,000
Warwick William Howard	3,000	-	3,000
David Markovich	-	-	-
Rebecca Cunningham	-	-	-
Ashton Holly Warrick	-	-	-
Josephine Charlotte Harrison-Ward	-	-	-
Simona Hughes	-	-	-
Claire Louise Spalding	-	-	-

Geographe Bay Community Enterprises Limited

Directors' report

30 June 2022

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 26 to the accounts.

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

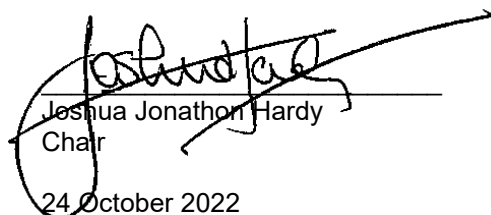
- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*,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

Auditor's independence declaration

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

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

On behalf of the directors



Joshua Jonathon Hardy
Chair
24 October 2022



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 October 2022

Joshua Griffin
Lead Auditor

Geographe Bay Community Enterprises Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Revenue from contracts with customers	6	891,240	858,823
Other revenue	7	62,654	96,067
Employee benefits expense	8	(631,467)	(516,408)
Charitable donations, sponsorship, advertising and promotion		(44,540)	(65,990)
Occupancy and associated costs		(30,108)	(27,146)
System costs		(45,268)	(47,590)
Depreciation and amortisation expense	8	(115,080)	(127,545)
Finance costs	8	(23,664)	(16,653)
General administration expenses		<u>(138,317)</u>	<u>(140,285)</u>
Profit/(loss) before income tax (expense)/benefit		(74,550)	13,273
Income tax (expense)/benefit	9	<u>17,388</u>	<u>(19,350)</u>
Loss after income tax (expense)/benefit for the year	20	(57,162)	(6,077)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(57,162)</u>	<u>(6,077)</u>
		Cents	Cents
Basic earnings per share	28	(3.03)	(0.32)
Diluted earnings per share	28	(3.03)	(0.32)

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

Geographe Bay Community Enterprises Limited
Statement of financial position
As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Trade and other receivables	10	103,143	83,571
Total current assets		<u>103,143</u>	<u>83,571</u>
Non-current assets			
Property, plant and equipment	11	94,600	104,940
Right-of-use assets	12	271,980	286,972
Intangibles	13	113,713	8,953
Deferred tax assets	9	583,471	566,084
Total non-current assets		<u>1,063,764</u>	<u>966,949</u>
Total assets		<u>1,166,907</u>	<u>1,050,520</u>
Liabilities			
Current liabilities			
Trade and other payables	14	83,607	53,754
Borrowings	15	591,856	573,872
Lease liabilities	16	64,612	47,194
Employee benefits	17	31,646	22,654
Total current liabilities		<u>771,721</u>	<u>697,474</u>
Non-current liabilities			
Trade and other payables	14	122,617	-
Lease liabilities	16	222,105	244,072
Employee benefits	17	3,839	5,529
Provisions	18	9,853	9,511
Total non-current liabilities		<u>358,414</u>	<u>259,112</u>
Total liabilities		<u>1,130,135</u>	<u>956,586</u>
Net assets		<u>36,772</u>	<u>93,934</u>
Equity			
Issued capital	19	1,837,157	1,837,157
Accumulated losses	20	(1,800,385)	(1,743,223)
Total equity		<u>36,772</u>	<u>93,934</u>

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

Geographe Bay Community Enterprises Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020		1,837,157	(1,718,119)	119,038
Loss after income tax expense		-	(6,077)	(6,077)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(6,077)	(6,077)
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	22	-	(19,027)	(19,027)
Balance at 30 June 2021		<u>1,837,157</u>	<u>(1,743,223)</u>	<u>93,934</u>
 Balance at 1 July 2021		 1,837,157	 (1,743,223)	 93,934
Loss after income tax expense		-	(57,162)	(57,162)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(57,162)	(57,162)
Balance at 30 June 2022		<u>1,837,157</u>	<u>(1,800,385)</u>	<u>36,772</u>

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

Geographe Bay Community Enterprises Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,027,733	1,052,972
Payments to suppliers and employees (inclusive of GST)		<u>(966,922)</u>	<u>(858,135)</u>
		60,811	194,837
Interest and other finance costs paid		<u>(13,116)</u>	<u>(10,401)</u>
Net cash provided by operating activities	27	<u>47,695</u>	<u>184,436</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(4,940)	(11,727)
Payments for intangibles		<u>-</u>	<u>(28,768)</u>
Net cash used in investing activities		<u>(4,940)</u>	<u>(40,495)</u>
Cash flows from financing activities			
Dividends paid	22	-	(19,027)
Repayment of lease liabilities	16	<u>(60,395)</u>	<u>(77,249)</u>
Net cash used in financing activities		<u>(60,395)</u>	<u>(96,276)</u>
Net increase/(decrease) in cash and cash equivalents		(17,640)	47,665
Cash and cash equivalents at the beginning of the financial year		<u>(573,405)</u>	<u>(621,070)</u>
Cash and cash equivalents at the end of the financial year	15	<u><u>(591,045)</u></u>	<u><u>(573,405)</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Geographe Bay Community Enterprises Limited

Notes to the financial statements

30 June 2022

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 50-54 Queen Street, Busselton WA.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 October 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Going concern

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

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. As disclosed in the financial statements, the company's financial position is as follows:

	2022 \$	2021 \$	Change \$	Change %
Current assets	103,143	83,571	19,572	23%
Current liabilities	(771,721)	(697,474)	(74,247)	11%
Working capital (deficiency)	(668,578)	(613,903)	(54,675)	9%
	2022 \$	2021 \$	Change \$	Change %
Total assets	1,166,907	1,050,520	116,387	11%
Total liabilities	(1,130,135)	(956,586)	(173,549)	18%
Net assets/(liabilities)	36,772	93,934	(57,162)	(61%)
Accumulated losses	(1,800,385)	(1,743,223)	(57,162)	3%
Profit/(loss) before tax	(74,550)	13,273	(87,823)	(662%)
Profit/(loss) after tax	(57,162)	(6,077)	(51,085)	841%
Total comprehensive income	(57,162)	(6,077)	(51,085)	841%
Operating cash inflows (outflows)	47,695	184,436	(136,741)	(74%)

The company meets its day to day working capital requirements through an overdraft facility that is due for renewal on 30 September 2023. The overdraft has an approved limit of \$900,000 and was drawn to \$591,045 as at 30 June 2022

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current overdraft facility.

Geographe Bay Community Enterprises Limited

Notes to the financial statements

30 June 2022

Note 2. Basis of preparation and statement of compliance (continued)

The current economic environment is has been difficult due to historically low interest rates coupled with increasing costs, and whilst revenue from contracts with customers has increased the company has reported an operating loss for the year. The directors' consider that the outlook remains positive due to a continuing growth in the underlying business and changing market conditions.

The company has also obtained an undertaking of support from Bendigo Bank that it will continue to support the company and its operations for the next 12 months. This support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement.

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

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

Geographe Bay Community Enterprises Limited

Notes to the financial statements

30 June 2022

Note 3. Significant accounting policies (continued)

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

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

Estimation of useful lives of assets

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

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

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

Geographe Bay Community Enterprises Limited

Notes to the financial statements

30 June 2022

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

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank and operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. It is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank.

Bendigo Bank retains ownership of all customers and clients of the Community Bank and all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank, therefore:

- All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank.
- All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank 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.

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 5. Economic dependency (continued)

The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

Note 6. Revenue from contracts with customers

	2022 \$	2021 \$
Margin income	748,566	724,223
Fee income	57,732	54,054
Commission income	84,942	80,546
	<hr/>	<hr/>
Revenue from contracts with customers	891,240	858,823
	<hr/>	<hr/>

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

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

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

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

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

Revenue calculation

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

Geographe Bay Community Enterprises Limited

Notes to the financial statements

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Note 6. Revenue from contracts with customers (continued)

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Other revenue

	2022 \$	2021 \$
Market development fund	62,654	65,444
Cash flow boost	-	30,623
Other revenue	<u>62,654</u>	<u>96,067</u>

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

Revenue stream

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

Cash flow boost

Revenue recognition policy

MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.

Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).

All revenue is stated net of the amount of GST.

Discretionary financial contributions

The franchisor continues to make MDF payments to the company 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 and is for the Board to decide how to use.

The payments are discretionary and amounts can vary or cease at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 7. Other revenue (continued)

Cash flow boost

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022	2021
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	22,906	24,154
Plant and equipment	2,343	2,669
Motor vehicles	2,690	539
	<u>27,939</u>	<u>27,362</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	50,737	69,992
Leased motor vehicles	9,894	6,190
	<u>60,631</u>	<u>76,182</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	4,463	1,617
Franchise renewal fee	22,047	22,384
	<u>26,510</u>	<u>24,001</u>
	<u><u>115,080</u></u>	<u><u>127,545</u></u>

Finance costs

	2022	2021
	\$	\$
Bank overdraft interest paid or accrued	13,116	10,401
Lease interest expense	10,206	5,878
Unwinding of make-good provision	342	374
	<u>23,664</u>	<u>16,653</u>

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

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 8. Expenses (continued)

Employee benefits expense

	2022	2021
	\$	\$
Wages and salaries	549,297	452,395
Superannuation contributions	52,070	44,433
Expenses related to long service leave	3,170	(729)
Other expenses	26,930	20,309
	<u>631,467</u>	<u>516,408</u>

Leases recognition exemption

	2022	2021
	\$	\$
Expenses relating to low-value leases	<u>19,320</u>	<u>19,926</u>

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

Note 9. Income tax

	2022	2021
	\$	\$
<i>Income tax expense/(benefit)</i>		
Movement in deferred tax	(4,286)	2,265
Reduction in company tax rate	-	22,643
Future income tax benefit attributable to losses	(13,102)	(5,558)
Aggregate income tax expense/(benefit)	<u>(17,388)</u>	<u>19,350</u>
<i>Prima facie income tax reconciliation</i>		
Profit/(loss) before income tax (expense)/benefit	(74,550)	13,273
Tax at the statutory tax rate of 25% (2021: 26%)	(18,638)	3,451
Tax effect of:		
Write off equity raising costs	(259)	-
Non-deductible expenses	1,248	1,218
Reduction in company tax rate	-	22,643
Other assessable income	4,547	(7,962)
Movement in deferred tax	(4,286)	-
Income tax expense/(benefit)	<u>(17,388)</u>	<u>19,350</u>

Geographe Bay Community Enterprises Limited
Notes to the financial statements
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Note 9. Income tax (continued)

	2022	2021
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Equity raising costs	261	522
Employee benefits	8,951	7,100
Provision for lease make good	2,463	2,378
Carried-forward tax losses	568,112	555,010
Lease liabilities	71,679	72,817
Right-of-use assets	<u>(67,995)</u>	<u>(71,743)</u>
Deferred tax asset	<u><u>583,471</u></u>	<u><u>566,084</u></u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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

Note 10. Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	<u>91,919</u>	<u>76,635</u>
Accrued income	210	210
Prepayments	<u>11,014</u>	<u>6,726</u>
	<u>11,224</u>	<u>6,936</u>
	<u><u>103,143</u></u>	<u><u>83,571</u></u>

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 10. Trade and other receivables (continued)

Accounting policy for trade and other receivables

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

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

Note 11. Property, plant and equipment

	2022 \$	2021 \$
Leasehold improvements - at cost	303,237	290,578
Less: Accumulated depreciation	(215,713)	(192,807)
	<u>87,524</u>	<u>97,771</u>
Plant and equipment - at cost	28,124	24,730
Less: Accumulated depreciation	(21,758)	(19,416)
	<u>6,366</u>	<u>5,314</u>
Motor vehicles - at cost	3,995	2,450
Less: Accumulated depreciation	(3,285)	(595)
	<u>710</u>	<u>1,855</u>
	<u><u>94,600</u></u>	<u><u>104,940</u></u>

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

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2020	116,307	1,873	2,394	120,574
Additions	5,618	6,110	-	11,728
Depreciation	(24,154)	(2,669)	(539)	(27,362)
Balance at 30 June 2021	97,771	5,314	1,855	104,940
Additions	12,659	3,395	1,545	17,599
Depreciation	(22,906)	(2,343)	(2,690)	(27,939)
Balance at 30 June 2022	<u><u>87,524</u></u>	<u><u>6,366</u></u>	<u><u>710</u></u>	<u><u>94,600</u></u>

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	1 to 8 years
Plant and equipment	2.5 to 5 years

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 11. Property, plant and equipment (continued)

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

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

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

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 12. Right-of-use assets

	2022 \$	2021 \$
Land and buildings - right-of-use	409,142	407,954
Less: Accumulated depreciation	<u>(187,709)</u>	<u>(136,972)</u>
	221,433	270,982
Motor vehicles - right-of-use	69,210	24,759
Less: Accumulated depreciation	<u>(18,663)</u>	<u>(8,769)</u>
	50,547	15,990
	<u>271,980</u>	<u>286,972</u>

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

	Land and buildings \$	Motor vehicle \$	Total \$
Balance at 1 July 2020	168,776	22,180	190,956
Remeasurement adjustments	172,198	-	172,198
Depreciation expense	<u>(69,992)</u>	<u>(6,190)</u>	<u>(76,182)</u>
Balance at 30 June 2021	270,982	15,990	286,972
Additions	-	44,451	44,451
Remeasurement adjustments	1,188	-	1,188
Depreciation expense	<u>(50,737)</u>	<u>(9,894)</u>	<u>(60,631)</u>
Balance at 30 June 2022	<u>221,433</u>	<u>50,547</u>	<u>271,980</u>

Accounting policy for right-of-use assets

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

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

Refer to note 16 for more information on lease arrangements.

Geographe Bay Community Enterprises Limited
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Note 13. Intangibles

	2022 \$	2021 \$
Franchise fee	62,997	41,119
Less: Accumulated amortisation	(44,091)	(39,628)
	<u>18,906</u>	<u>1,491</u>
Franchise renewal fee	221,314	111,922
Less: Accumulated amortisation	(126,507)	(104,460)
	<u>94,807</u>	<u>7,462</u>
	<u><u>113,713</u></u>	<u><u>8,953</u></u>

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2020	3,108	29,846	32,954
Amortisation expense	(1,617)	(22,384)	(24,001)
Balance at 30 June 2021	1,491	7,462	8,953
Additions	21,878	109,392	131,270
Amortisation expense	(4,463)	(22,047)	(26,510)
Balance at 30 June 2022	<u><u>18,906</u></u>	<u><u>94,807</u></u>	<u><u>113,713</u></u>

Additions

During the financial year, Busselton and Dunsborough franchise fees were renewed. Both are being amortised over five years to November 2026.

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	November 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2026

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

Change in estimates

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

Geographe Bay Community Enterprises Limited
Notes to the financial statements
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Note 14. Trade and other payables

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	22,772	12,115
Other payables and accruals	60,835	41,639
	<u>83,607</u>	<u>53,754</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>122,617</u>	<u>-</u>

Accounting policy for trade and other payables

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

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

Note 15. Borrowings

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Bank overdraft	591,045	573,405
Funds held in trust liability	811	467
	<u>591,856</u>	<u>573,872</u>

Financing arrangements

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

	2022	2021
	\$	\$
Total facilities		
Bank overdraft	900,000	900,000
Used at the reporting date		
Bank overdraft	591,045	573,404
Unused at the reporting date		
Bank overdraft	308,955	326,596

Bank overdraft

The bank overdraft is repayable on demand and used for cash management purposes. The bank overdraft has a rolling renewal date and is reviewed annually by the lender, Bendigo Bank. It is secured by a floating charge over the company's assets. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

The company has an approved overdraft limit of \$900,000 which was drawn down to \$591,045. The company has \$308,955 overdraft remaining before exceeding the approved limit or required to re-negotiate the terms.

Interest is recognised using the effective interest rate method, currently 3.81% (2021: 2.03%)

Geographe Bay Community Enterprises Limited
Notes to the financial statements
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Note 15. Borrowings (continued)

Accounting policy for borrowings

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

Note 16. Lease liabilities

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	58,001	50,161
Unexpired interest	(7,438)	(9,065)
Motor vehicle lease liabilities	16,059	6,757
Unexpired interest	(2,010)	(659)
	<u>64,612</u>	<u>47,194</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	195,095	263,748
Unexpired interest	(11,880)	(19,676)
Motor vehicle lease liabilities	41,102	-
Unexpired interest	(2,212)	-
	<u>222,105</u>	<u>244,072</u>
<i>Reconciliation of lease liabilities</i>		
	2022	2021
	\$	\$
Opening balance	291,266	189,050
Additional lease liabilities recognised	44,451	-
Remeasurement adjustments	1,189	173,587
Lease interest expense	10,206	5,878
Lease payments - total cash outflow	(60,395)	(77,249)
	<u>286,717</u>	<u>291,266</u>
<i>Maturity analysis</i>		
	2022	2021
	\$	\$
Not later than 12 months	74,060	56,918
Between 12 months and 5 years	226,112	242,676
Greater than 5 years	10,085	21,072
	<u>310,257</u>	<u>320,666</u>

Accounting policy for lease liabilities

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

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

Geographe Bay Community Enterprises Limited

Notes to the financial statements

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Note 16. Lease liabilities (continued)

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

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

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

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

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

The company's lease portfolio includes:

Busselton branch	The lease agreement commenced in March 2012. A 5 year renewal option was exercised in June 2021. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are not reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2026. The discount rate used in calculations is 3.54%.
Dunsborough branch	The lease agreement commenced in June 2018 for 5 years. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2028. The discount rate used in calculations is 3.5%.
Mitsubishi Triton 4x4 Dual Cab	The lease agreement is a non-cancellable term of four years, which commenced in February 2020.
Mitsubishi Triton Utility	The lease agreement is a non-cancellable term of three years, which commenced in April 2022.

Note 17. Employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	20,516	15,714
Long service leave	11,130	6,940
	<u>31,646</u>	<u>22,654</u>
<i>Non-current liabilities</i>		
Long service leave	<u>3,839</u>	<u>5,529</u>

Accounting policy for employee benefits

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

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 17. Employee benefits (continued)

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 18. Provisions

	2022 \$	2021 \$
Lease make good	9,853	9,511

Lease make good

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

<u>Lease</u>	<u>Lease term expiry date per AASB 16</u>	<u>Estimated provisions</u>
Busselton Branch	June 2026	\$10,000
Dunsborough Branch	June 2028	\$1,440

Accounting policy for provisions

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

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 19. Issued capital

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	1,585,609	1,585,609	1,585,609	1,585,609
Preference shares - fully paid	300,000	300,000	300,000	300,000
Less: Equity raising costs	-	-	(48,452)	(48,452)
	<u>1,885,609</u>	<u>1,885,609</u>	<u>1,837,157</u>	<u>1,837,157</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Preference shares

Voting rights

A preference share does not entitle the holder to vote on any resolutions proposed at a general meeting of the holders of ordinary shares in the capital of the company except in the following circumstances:

- (i) if at the time of the commencement of the meeting a dividend, or part of a dividend, on the preference shares is in arrears;
- (ii) on a proposal to reduce the company's share capital;
- (iii) on a resolution to approve the terms of a buy-back agreement;
- (iv) on a proposal that affects rights attaching to a preference share;
- (v) on a proposal to wind up the company;
- (vi) on a proposal for the disposal of the whole of the company's property, business and undertaking; or
- (vii) during the winding up of a company.

Geographe Bay Community Enterprises Limited

Notes to the financial statements

30 June 2022

Note 19. Issued capital (continued)

In respect to the 10% limit, the company constitution was amended following the successful completion of the debt for equity swap. The amendment states a person other than Bendigo & Adelaide Bank Limited must not have a prohibited shareholding interest.

A preference share does entitle the holder to vote on any resolutions proposed at a meeting of preference shareholders only on the basis of one vote per preference share.

Dividends

A preference share has full dividend rights, identical to those of ordinary shares, and except on a winding up of the company such dividend rights will not be in priority to but will be equal to the rights of holders of ordinary shares.

Transfer

Preference shares are non-transferrable or saleable except with the prior written approval of the Board and the holder must not sell or transfer interest in, or grants options over, the preference shares except with the prior written approval of the directors.

Rights on winding up

Upon winding up of the company, each preference share confers upon its holder the right to payment in cash, from any surplus assets or profits of the company, of the capital then paid up on that preference share, and any dividends or income due to it in connection with that preference share in priority to any other class of shares in the company, but otherwise has no right to participate in the surplus profits or assets of the company.

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 303. As at the date of this report, the company had 334 shareholders (2021: 336 shareholders).

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

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

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

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

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 20. Accumulated losses

	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(1,743,223)	(1,718,119)
Loss after income tax (expense)/benefit for the year	(57,162)	(6,077)
Dividends paid (note 22)	-	(19,027)
	<u>(1,800,385)</u>	<u>(1,743,223)</u>
Accumulated losses at the end of the financial year	<u>(1,800,385)</u>	<u>(1,743,223)</u>

Note 21. Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Note 22. Dividends

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

	2022	2021
	\$	\$
Unfranked dividend of nil cents per share (2021: 1.2 cents)	<u>-</u>	<u>19,027</u>

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 23. Financial instruments

	2022	2021
	\$	\$
Financial assets		
Trade and other receivables	92,129	76,845
Financial liabilities		
Trade and other payables	206,224	53,754
Lease liabilities	286,717	291,266
Bank overdrafts	591,045	573,405
	<u>1,083,986</u>	<u>918,425</u>

Accounting policy for financial instruments

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

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

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

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

Financial risk management

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

Market risk

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

Price risk

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

Cash flow and fair value interest rate risk

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

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 23. Financial instruments (continued)

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

	2022		2021	
	Nominal interest rate %	Balance \$	Nominal interest rate %	Balance \$
Bank overdraft	3.81%	591,045	2.03%	573,405
Net exposure to cash flow interest rate risk		<u>591,045</u>		<u>573,405</u>

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

Credit risk

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

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

Liquidity risk

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

Financing arrangements

Unused borrowing facilities at the reporting date:

	2022 \$	2021 \$
Bank overdraft	<u>308,955</u>	<u>326,596</u>

Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2022				
Non-derivatives				
Bank overdraft	591,045	-	-	591,045
Trade and other payables	83,607	122,617	-	206,224
Lease liabilities	74,060	226,112	10,085	310,257
Total non-derivatives	<u>748,712</u>	<u>348,729</u>	<u>10,085</u>	<u>1,107,526</u>

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 23. Financial instruments (continued)

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2021				
Non-derivatives				
Bank overdraft	573,405	-	-	573,405
Trade and other payables	53,754	-	-	53,754
Lease liabilities	56,918	242,676	21,072	320,666
Total non-derivatives	684,077	242,676	21,072	947,825

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

Note 24. Key management personnel disclosures

The following persons were directors of Geographe Bay Community Enterprises Limited during the financial year:

Joshua Jonathon Hardy	Ashton Holly Warrick
Warwick William Howard	Josephine Charlotte Harrison-Ward
David Markovich	Simona Hughes
Rebecca Cunningham	Claire Louise Spalding

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 25. Related party transactions

The following transactions occurred with related parties:

	2022 \$	2021 \$
Ashton Holly Warrick is a shareholder of ORGsight Pty Ltd who provided leadership coaching to the Branch Manager and Assistant Branch Manager positions.	-	2,970
The company secretary has provided the company with secretarial and board support services. The total benefit received was:	1,100	-

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

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 26. Remuneration of auditors

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

	2022 \$	2021 \$
<i>Audit services</i>		
Audit or review of the financial statements	6,200	6,000
<i>Other services</i>		
Taxation advice and tax compliance services	600	600
General advisory services	3,280	4,100
	3,880	4,700
	10,080	10,700

Note 27. Reconciliation of loss after income tax to net cash provided by operating activities

	2022 \$	2021 \$
Loss after income tax (expense)/benefit for the year	(57,162)	(6,077)
Adjustments for:		
Depreciation and amortisation	115,080	127,545
Lease liabilities interest	10,206	5,878
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(19,572)	38,627
Increase in deferred tax assets	(17,387)	-
Decrease in other operating assets	-	19,351
Increase in trade and other payables	8,886	11,590
Increase/(decrease) in employee benefits	7,302	(12,852)
Increase in other provisions	342	374
Net cash provided by operating activities	47,695	184,436

Note 28. Earnings per share

	2022 \$	2021 \$
Loss after income tax	(57,162)	(6,077)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,885,609	1,885,609
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,885,609	1,885,609
	Cents	Cents
Basic earnings per share	(3.03)	(0.32)
Diluted earnings per share	(3.03)	(0.32)

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2022

Note 28. Earnings per share (continued)

Accounting policy for earnings per share

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

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

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

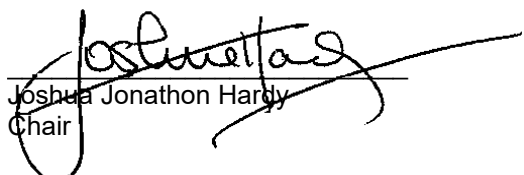
Geographe Bay Community Enterprises Limited
Directors' declaration
30 June 2022

In the directors' opinion:

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

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

On behalf of the directors



Joshua Jonathon Hardy
Chair

24 October 2022



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of Geographe Bay Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Geographe Bay Community Enterprises Limited (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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



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Material Uncertainty Related to Going Concern

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

- Revenue from contracts with customers has increased by \$32,417, however the company has reported an operating loss (loss before tax) of \$74,550.
- The company meets its day to day working capital requirements through an overdraft facility that has an approved limit of \$900,000 and was drawn to \$591,045 as at 30 June 2022.
- As at 30 June 2022 the company had accumulated losses of \$1,800,385, with a net working capital deficiency of \$668,578, where the company's current liabilities exceeds its current assets.

These conditions, along with other matters detailed at Note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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



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Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 October 2022

Joshua Griffin
Lead Auditor

afsbendigo.com.au

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Busselton WA 6280
Phone: (08) 9754 4388 Fax: (08) 9754 4622
Email: busseltonmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/busselton

Community Bank - Dunsborough
Shop 27C Dunsborough Centrepont Shopping Centre, 55 Dunn Bay Road,
Dunsborough WA 6281
Phone: (08) 9759 1699 Fax: (08) 9759 1622
Email: dunsboroughmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/dunsborough

Franchisee: Geographe Bay Community Enterprises Limited
ABN: 40 146 993 982
54/50 Queen Street Busselton WA 6280
Phone: (08) 9754 4388 Fax: (08) 9754 4622
Email: secretary@bendigogeo.com.au

Share Registry:
Automic Group
Level 2/267 St Georges Terrace
Perth WA 6000
Phone: 1300 288 664



/communitybankbusseltonanddunsborough



/communitybankbussodunsborough

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