Annual Report 2022

Grampians Regional Community Enterprises Limited

Community Bank
Dunkeld & District

ABN 29 139 414 234

Annual Reports

Chairman's Report

For year ending 30 June 2022

In The Branch - Farewell to Susan Tully!

After 11 ½ years of service to Community Bank Dunkeld & District, we sadly accepted Sue's resignation in June this year. On behalf of the Board of Directors of Grampians Regional Community Enterprises Limited (GRCE Ltd), I would like to offer our sincere appreciation for all Susan's enthusiasm and dedication to providing great customer service and diligence within our Community Bank.

From opening day in February 2011 until now, Susan has been an integral part of building a successful and award winning Community Bank that is making a significant contribution to the region.

We wish Susan all the best for future success in her new role at Mattiske & Henderson.

Once again, I thank Anna Watson for her outstanding leadership, both within the branch and also the region. Anna has provided regional support for other branches on behalf of Regional Manager Jason Chuck on several occasions again this year. Anna is highly regarded by her peers, and I congratulate her on her achievements.

Our dedicated staff of Susan Tully, Louise Field, Carly Behncke and Robyn Ackland have provided great support to our customers and to Anna in her Branch Manager role. With Susan leaving in July, Robyn, after a period as Branch Manager at Community Bank Cobden & Districts and Camperdown, has been welcomed back to Dunkeld in the Customer Relationship Manager's position.

Customers, Shareholders and Community

We continue to see growth of our business – both in terms of the number of customers and the amount of banking - based on the solid values of quality customer service, competitive and relevant Bendigo Bank banking products and loyalty to the Community Banking Model.

For the 21/22 financial year, the business generated a profit of **$160,337** in addition to providing $96,662 in Community Sponsorships.

As this Annual Report goes to print GRCE Ltd has provided in excess of **$379,773** to Community projects in the region since 2010. Funding has been provided to a wide variety of clubs, activities and projects throughout the region. In particular, we are very pleased to provide $125,000 (over 21/22 and 22/23 financial years) to the **WDHS MRI fundraiser**. This is a great example of profits from Community Banking being re-invested in projects that have profound and long term benefits to our region, reducing travel and waiting time for patients to access this service, and ensuring specialists have the tools they need to practice within our region.

Shareholder Dividend

The Board of GRCE Ltd is proud to announce our fifth shareholder dividend of 5c per share, fully franked. It is once again, very pleasing to be able to continue to deliver on the dual aims of our initial Prospectus to provide ***"significant social and economic benefit to our region, as well as the prospect of positive returns for shareholders".***

Please note that with this years' dividend there is an option to donate to the Community Sponsorship fund. There is no compulsion to do this however it is an option if shareholders wish to. If individual shareholders would like to discuss this, please contact the branch or one of our Directors for further information.

Chairman’s Report (continued)

Rural Bank

The integration of Rural Bank and Bendigo Bank provides a great opportunity for farming customers to have a local banking point of contact. The trend for reduction in face to face banking service in favour of call centres continues. If you would like to see a person, rather than ring a call centre, make an appointment to see Anna Watson or Fiona Whale about your Farm Banking requirements.

Bendigo Bank Ltd. Partnership

Thanks again from the Board for the support from Regional Manager Jason Chuck. Jason, as a previous Community Bank Branch Manager, has great insight into the Community Banking Model and has provided great leadership through this difficult COVID restricted time.

GRCE Ltd. Board

Since the last AGM we have welcomed Matt Nettleton, Janna Heard and Jock Whiting to the Board, all bringing a wealth of experience, and interest in furthering the Community Bank’s benefit to the local community.

At this year’s AGM we will farewell Helen Nielson who is resigning to go traveling over the next few years. Helen joined the Board in 2016 and has made an outstanding contribution, both in her role as Company Secretary and in general Board responsibilities. I thank Helen for all her efforts and wish her and husband Kim safe and happy travels for the future.

Thanks to all Directors who have volunteered their time and energy, contributing to the success of the last 12 months and we look forward to a greater 2022/2023 result.

Craig Gordon Oliver
Chairman

Manager's Report

For year ending 30 June 2022

It is with pleasure that I submit my annual report to the Board and shareholders for the 2021/22 financial year.

I would like to thank my staff. Their commitment and passion to Community Bank Dunkeld & District, Bendigo Bank and our community is remarkable. Susan Tully, Robyn Ackland, Louise Field and Carly Behncke have yet again done an amazing job. Robyn Ackland, our part time Customer Relationship Officer, transferred to Community Bank Cobden & Districts and Camperdown in April 2022 but I am very pleased to report that she returned to us in August this year into the full time Customer Relationship Manager position. So as a chapter opens a chapter closed with Susan Tully resigning in June 2022, Susan was an amazing staff member with nothing ever too much trouble. She has a head for compliance and a wealth of knowledge. She gave 11½ years to us, and I wish her every success and happiness in life and her new occupation.

Thanks to our customers, our Board of Directors, and our shareholders for their ongoing support. I would also like to thank our Bendigo and Adelaide Bank representatives, especially our Regional Manager Jason Chuck for his on-going support this year. We have worked well together and I look forward to continuing this into the future. We truly have a close working relationship with the Bendigo Bank head office, state office and regional support staff.

We had a great year, achieving growth of our business "footings" (loans and deposits) of $17.7 million to $135.4 million, as at 30 June 2022.

At 30 June 2022 we had 1,374 customers, with 2,504 accounts, an increase of 5.50 percent and 7.74 per cent respectively from the previous year.

Community Bank Dunkeld & District has contributed $379,773 to the local community as at 30 June 2022. To date, more than $272 million in profits from Community Bank partnerships have been reinvested in Australian communities since 1998 via Bendigo Bank's Community Bank network.

I ask for our shareholders help in bringing new business to Community Bank Dunkeld & District, either your own, your acquaintances or with an introduction to community groups you are involved in. Your help is invaluable to growing our business and with every new customer and account opening, that's more funds that are available to be paid in community contributions and in dividends.

Banking is an everyday function for every single person in the community.

The difference with the Community Bank model is that every time people bank with their local Community Bank branch, the bottom line increases and as such, community contributions and dividends increase as well.

Regards

AWatson

Anna Watson
Branch Manager

BEN Message

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Dividend payment history

Dividend to shareholders			
Financial Year	**Amount Per Share**	**Franking Level**	**Date Paid**
2017/2018	.03	Unfranked	1 December 2018
2018/2019	.04	Unfranked	1 December 2019
2019/2020	.05	Unfranked	1 December 2020
2020/2021	.06	Fully Franked	1 December 2021
2021/2022	.05	Fully Franked	1 December 2022

Community Investment Report

For year ending 30 June 2022

Community Investment Program

Grampians Regional Community Enterprises Limited (GRCEL) operates Community Bank Dunkeld & District and is proud to invest in our communities through the Community Investment Program. Our main aim of the program is to promote positive change in the communities.

Growing our customer base enables this unique banking model to thrive and prosper, thereby allowing us to continue to invest in the community.

This last financial year we have seen many local organisations return to operating as they were, before Covid changed our lives. We are glad to help re-ignite the spirit of the local communities.

During 2021 -2022 we invested $96,662.00 in community building activities. Since opening Community Bank Dunkeld & District, we've invested $379,773.00 directly into Dunkeld, Penshurst, Glenthompson, Cavendish, Hamilton and other communities.

A major commitment of $125,000 was made in 2022 to Western District Health, to be paid part in the 2021-22 year and part in the 2022-23 year, to aid in the purchase of an MRI machine for the Hamilton Hospital. This was an amazing contribution from such a small branch, indicating a huge achievement for our banking staff.

We are proud to have supported the following Community groups and activities over the year:

Community Group	$	Purpose
Sign Design (Dunkeld Bowling Club)	$77	Signs for Scoreboards
Grampians Golf Club Inc	$500	Annual Tournament
Dunkeld Consolidated Primary School	$240	Community Newsletter donation
Branxholme Wallacedale School	$240	Community Newsletter donation
Glenthompson Newsletter	$240	Community Newsletter donation
Penshurst Mens Shed	$240	Community Newsletter donation
Cavendish Rec Reserve	$5,000	Grandstand Tiered Seating

Community Investment Report (continued)

Community Group	$	Purpose
Dunkeld Public Lands Committee	$2,500	Jetty
WDHS Social Support Group	$2,400	Defibrillator for bus
Penshurst and District Racing Club	$825	Penshurst Races
Hamilton Alexandra College	$5,000	150 years celebration (21/05/2022)
Cavendish Red Gum Festival	$3,500	Festival donation & Radio commercials
Penshurst Creative Arts	$500	Annual Art Show
Willaura/Lake Bolac Financial Services Ltd	$550	"Blokes Night" Collaboration with WLB
Glenelg & Southern Grampians Local Learning & Employment Network	$1,000	Youth Leadership program
Glenthompson Dunkeld Football - Netball Club	$3,000	Annual Sponsorship
Dunkeld & District Lions Club	$250	Charity Golf Day
Penshurst Pony Club	$1,000	Rouse Roundup Stockman's Challenge
Dunkeld Writers Festival	$3,000	Inaugural Writers Festival & Radio commercials
Penshurst Football - Netball Club Inc	$3,100	Annual Sponsorship
Western District Health Service	$62,500	MRI - donation
Peaks & Trails	$1,000	Radio commercials for event

Sue Morse
Community Investment Co-ordinator

Directors' Report

For year ending 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:

Craig Gordon Oliver
Chairman

Experience and expertise: Craig has an Associate Diploma of Farm Management and a Graduate Diploma of Business Studies (Finance and Management). Living at Dunkeld since 1991 with his wife and children, he worked for several national and multi national agribusiness companies before pursuing a full time farming career. Craig has served on various industry and community committees, and is currently the President of the Pannyabyr Landcare Group, and a member of the Dunkeld CFA and the Dunkeld Progress Association.

Special responsibilities: Chairman

Brendan John Kelly
Non-executive director

Experience and expertise: Brendan is the managing director of Kellys which is a rural merchandise, fertiliser and hardware business located in both Penshurst & Dunkeld. Brendan established Kellys in Penshurst in 1988, then in Dunkeld in 2005. In recent years Brendan has commenced selling real estate working with Charles Stewart & Co, this is somewhat a family tradition with previous generations being involved in real estate valuations and sales. Brendan is the fourth generation of the Kelly family to live and work in Penshurst and district. Brendan and his wife Liz have three children Brooke, Shannon and Laine. They are active in the local community being involved in the football netball club, race club and Monivae college.

Special responsibilities: Nil

Helen Nielsen
Non-executive director

Experience and expertise: Helen has had a life passion for agriculture and the environment and her career and interests have followed that path. Helen has worked with State government in a range of roles delivering agriculture services to Victorian farmers for over 30 years. Her current role is Investment and Planning Manager for the Department of Jobs, Precincts and Regions. She holds a Bachelor of Applied Science (Agriculture), Diploma of Business and Diploma of Project Management. Helen enjoys working with youth and spent 12 years as a Guide leader in Hamilton. She is currently a member of the following Community Groups: Pannyabyr Landcare Group and South West Holistic Farmers.

Special responsibilities: Company Secretary

Anthony John Page
Non-executive director

Experience and expertise: Anthony has lived in Penshurst all his life. Anthony started his working life as an Electrical Apprentice in 1981 before purchasing his current Electrical Contracting Business & Fuel Station business in 1986. He is married with adult children. Currently the Captain of Penshurst Fire Brigade, member of Penshurst Football Netball Club. Past Penshurst Apex member.

Special responsibilities: Nil

Susan Mary Morse
Non-executive director

Experience and expertise: Sue Morse is married to Derek and they have 3 children and 2 grandchildren. Sue grew up and attended Teacher's College in Adelaide but has lived in Dunkeld for over 40 years. Beginning her working career as a Teacher and finishing as a Real Estate Agent, Sue is now enjoying retirement. Over the years, she has been involved in many community organisations, has held many official positions in the local and district golf associations, and volunteers at the Dunkeld Visitor Information Centre as well as helping run the family business.

Special responsibilities: Nil

Jodie Louise Young
Non-executive director

Experience and expertise: Bachelor of Nursing, Marcus Oldham Rural Leadership Program, Cavendish Red Gum Festival committee member. Jodie is from a family farming operation running a commercial Angus herd in Western Victoria. A registered nurse currently employed part time at Casterton, Victoria. Jodie lives with her husband and children at Cavendish running sheep and cattle and plans to improve the liveability and amenities of Cavendish and within our region by becoming a Bendigo Community Bank director. Jodie brings attributes including; different workplace exposure, practical, enjoys challenges and seeking out improvements, community minded, volunteering and gardening.

Special responsibilities: Nil

Sherryn Lesley Jennings
Non-executive director

Experience and expertise: Sherryn is a Chartered Accountant and brings her financial management and accounting skills along with her knowledge of Dunkeld and District to the board. She is currently the Finance Manager of her family's business, C.I.T.S. Training Australia. Sherryn is studying online to complete the Masters of Science in Agriculture through the University of New England.

Special responsibilities: Treasurer

Christopher Robert Murphy
Non-executive director

Experience and expertise: Formerly Chief Financial Officer at Downer Infrastructure. Associate Chartered Accountants Australia and New Zealand (CA ANZ), Fellow Governance Institute of Australia. Over 20 years experience as a Finance and Accounting Executive with public companies. I hope to bring to the Community Bank my skills and experience to ensure its continued success. Current volunteer member of Woodhouse CFA. Former committee member and Treasurer of Hamilton and District Gymnastics Club Inc. Coach Hamilton College U10 boys basketball team. Current member of Western District Better Beef Group.

Special responsibilities: Nil

Donald Simon Macgugan
Non-executive director

Experience and expertise: Simon has had a career in Farm Management, specifically pigs. He has been the Company CEO and Chair of the Board of a Private Company, where he has been the Director for 28 years and is currently Chair of the farm's Operations Sub Committee. Simon is the President of the Dunkeld Lions Club, Treasurer of the Grampians Golf Club, Member of the Dunkeld Public Lands Committee and Dunkeld CFA.

Special responsibilities: Nil

Mathew Stevens Nettleton (appointed 3 November 2021)
Non-executive director

Experience and expertise: Owner of the Bunyip Hotel Cavendish for four years to current. General manager of Corex Recycling for 12 years. Recently have started Sustainable Plastic Solutions Pty Ltd, a state-of-the-art recycling company specialising in processing agricultural plastics. Manage a large number of staff at all levels in multiple industries.

Special responsibilities: Nil

Joanna Wallace Heard (appointed 21 March 2022)
Non-executive director

Experience and expertise: Past/present occupations include Research Scientist: Animal Nutrition, Research Scientist: Farm Systems Economist and Farm Hand. Tertiary qualifications: Ba. Agricultural Science (Hons.). Currently Secretary at Strathmore Brigade CFA and Glenthompson Memorial Hill Inc. Committee.

Special responsibilities: Nil

Jock Travers Melville Whiting (appointed 27 April 2022)
Non-executive director

Experience and expertise: Grazier, AFL Football Development Manager, South West Coast Suicide Prevention Trial - Leadership Executive, Pedrina Park - Hamilton Strategic Development Plan Member, Program Manager - AFL Victoria Country Football Academy

Special responsibilities: Nil

Company secretary

The Company secretary is Helen Nielsen. Helen was appointed to the position of secretary on 31 August 2016.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to $120,253 (30 June 2021: $170,133).

Operations have continued to perform in line with expectations.

Dividends

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

	Cents per share	Total amount $
Final Franked Dividend	6.00	37,404

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 5 cents per share, to be paid on 1 December. The financial impact of the dividend, amounting to $31,170 has not been recognised in the financial statements for the financial year ended 30 June 2022, and will be recognised in the subsequent financial statements.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company the results of those operations or the state of affairs of the company, in future years.

Apart from the dividend declared as discussed above, 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.

Director's Report (continued)

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 Meetings Attended	
	Eligible	Attended
Craig Oliver	11	10
Brendan Kelly	11	9
Helen Nielsen	11	7
Anthony Page	11	9
Donald Macgucan	11	8
Susan Morse	11	9
Jodie Young	11	8
Sherryn Jennings	11	9
Christopher Murphy	11	8
Mathew Nettleton	11	9
Joanna Heard	7	4
Jock Whiting	2	1

Directors' benefits

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

Directors' interests

The interest in company shareholdings for each director are:

	Fully paid ordinary shares		
Director name	Balance at start of the year $	Changes $	Balance at end of the year $
Craig Oliver	3,400	-	3,400
Brendan Kelly	10,000	-	10,000
Helen Nielsen	100	-	100
Anthony Page	5,000	-	5,000
Donald Macgugan	-	-	-
Susan Morse	10,000	-	10,000
Jodie Young	-	-	-
Sherryn Jennings	-	-	-
Christopher Murphy	1,000	-	1,000
Mathew Nettleton	-	-	-
Joanna Heard	-	-	-
Jock Whiting	-	-	-

Director's Report (continued)

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

Craig Gordon Oliver
Chairman

14 September 2022

Auditor's Independence Declaration

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of Grampians Regional 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: 14 September 2022

Joshua Griffin
Lead Auditor

Financial statements

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

	Note	2022 $	2021 $
Revenue from contracts with customers	6	708,864	664,612
Other revenue	7	15,622	42,044
Finance income		1,585	799
Employee benefit expenses	8	(318,806)	(287,576)
Advertising and marketing costs		(5,324)	(5,785)
Occupancy and associated costs		(6,875)	(8,458)
Systems costs		(31,051)	(33,253)
Depreciation and amortisation expense	8	(33,904)	(34,736)
Finance costs	8	(10,232)	(10,720)
General administration expenses		(67,678)	(67,838)
Profit before community contributions and income tax expense		252,201	259,089
Charitable donations and sponsorships expense		(91,864)	(32,363)
Profit before income tax expense		160,337	226,726
Income tax expense	9	(40,084)	(56,593)
Profit after income tax expense	20	120,253	170,133
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		120,253	170,133
		Cents	**Cents**
Basic earnings per share	28	19.29	27.29
Diluted earnings per share	28	19.29	27.29

Financial statements (continued)

Statement of Financial Position as at 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	10	615,574	542,528
Trade and other receivables	11	69,903	60,440
Total current assets		**685,477**	**602,968**
Non-current assets			
Property, plant and equipment	12	37,360	23,528
Right-of-use assets	13	159,032	138,117
Intangibles	14	46,592	59,551
Deferred tax assets	9	28,746	28,187
Total non-current assets		**271,730**	**249,383**
Total assets		**957,207**	**852,351**
LIABILITIES			
Current liabilities			
Trade and other payables	15	35,618	24,170
Lease liabilities	16	17,767	13,746
Current tax liabilities	9	14,129	12,199
Employee benefits	17	50,815	52,451
Total current liabilities		**118,329**	**102,566**
Non-current liabilities			
Trade and other payables	15	29,042	43,564
Lease liabilities	16	170,871	154,002
Employee benefits	17	8,468	5,937
Provisions	18	26,093	24,727
Total non-current liabilities		**234,474**	**228,230**
Total liabilities		**352,803**	**330,796**
Net assets		**604,404**	**521,555**
Equity			
Issued capital	19	612,891	612,891
Accumulated losses	20	(8,487)	(91,336)
Total equity		**604,404**	**521,555**

Financial statements (continued)

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020		**612,891**	**(230,299)**	**382,592**
Profit after income tax expense		-	170,133	170,133
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(31,170)	(31,170)
Balance at 30 June 2021		**612,891**	**(91,336)**	**521,555**
Balance at 1 July 2021		612,891	(91,336)	521,555
Profit after income tax expense		-	120,253	120,253
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(37,404)	(37,404)
Balance at 30 June 2022		**612,891**	**(8,487)**	**604,404**

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)		780,651	771,762
Payments to suppliers and employees (inclusive of GST)		(576,204)	(492,032)
		204,447	279,730
Interest received		1,585	799
Income taxes paid		(38,713)	-
Net cash provided by operating activities	27	167,319	280,529
Cash flows from investing activities			
Payments for property, plant and equipment		(20,022)	(590)
Payments for intangibles		(13,201)	(13,201)
Net cash used in investing activities		(33,223)	(13,791)
Cash flows from financing activities			
Dividends paid	22	(37,404)	(31,170)
Repayment of lease liabilities	16	(23,646)	(22,451)
Net cash used in financing activities		(61,050)	(53,621)
Net increase in cash and cash equivalents		73,046	213,117
Cash and cash equivalents at the beginning of the financial year		542,528	329,411
Cash and cash equivalents at the end of the financial year	10	615,574	542,528

Notes to the Financial Statements

For year ending 30 June 202

Note 1. Reporting entity

The financial statements cover Grampians Regional 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 92 Parker Street, Dunkeld, Victoria 3294.

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

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Note 3. Significant accounting policies *(continued)*

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

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

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

Estimation of useful lives of assets

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

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

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 impair-ment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

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

Note 5. Economic dependency *(continued)*

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	437,901	396,725
Fee income	35,364	33,941
Commission income	235,599	233,946
Revenue from contracts with customers	708,864	664,612

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

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

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

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

Note 6. Revenue from contracts with customers *(continued)*

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

Revenue calculation

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

Margin

Margin is arrived at through the following calculation:

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

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

Commission

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

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

Fee income

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

Core banking products

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

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	14,997	25,628
Cash flow boost	-	16,040
Other income	625	376
Other revenue	15,622	42,044

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

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

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

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 essen-tially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purpos-es, the amounts subsidised are recognised as revenue.

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

Note 8. Expenses

Depreciation and amortisation expense	**2022 $**	**2021 $**
Depreciation of non-current assets		
Furniture and fittings	1,885	1,353
Motor vehicles	4,305	5,739
	6,190	7,092
Depreciation of right-of-use assets		
Leased land and buildings	14,755	14,412
Amortisation of intangible assets		
Franchise fee	2,151	2 ,206
Franchise renewal process fee	10,808	11,026
	12,959	13,232
	33,904	34,736

Finance costs	**2022 $**	**2021 $**
Lease interest expense	8,866	9,425
Unwinding of make-good provision	1,366	1 ,295
	10,232	10,720

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

Employee benefits expense	**2022 $**	**2021 $**
Wages and salaries	270,911	244,613
Non-cash benefits	7,730	8,089
Superannuation contributions	22,931	23,065
Expenses related to long service leave	7,345	4,994
Other expenses	9,889	6,815
	318,806	287,576

Leases recognition exemption	**2022 $**	**2021 $**
Expenses relating to low-value leases	13,624	14,602

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	40,643	12,199
Movement in deferred tax	(559)	(2,162)
Reduction in company tax rate	-	1,127
Recoupment of prior year tax losses	-	45,429
Aggregate income tax expense	40,084	56,593
Prima facie income tax reconciliation		
Profit before income tax expense	160,337	226,726
Tax at the statutory tax rate of 25% (2021: 26%)	40,084	58,949
Tax effect of:		
Non-deductible expenses	-	687
Non-assessable income	-	(4,170)
Reduction in company tax rate	-	1,127
Income tax expense	40,084	56,593

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Employee benefits	14,821	14,597
Provision for lease make good	6,523	6,182
Lease liabilities	47,160	41,937
Right-of-use assets	(39,758)	(34,529)
Deferred tax asset	28,746	28,187

	2022 $	2021 $
Provision for income tax	14,129	12,199

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

Note 9. Income tax *(continued)*

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	284,360	212,899
Term deposits	331,214	329,629
	615,574	542,528

Accounting policy for cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	65,114	55,651
Prepayments	4,789	4,789
	69,903	60,440

Accounting policy for trade and other receivables

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	3,132	3,132
Less: Accumulated depreciation	(3,132)	(3,132)
	-	-
Fixtures and fittings - at cost	52,121	32,099
Less: Accumulated depreciation	(27,675)	(25,790)
	24,446	6,309
Motor vehicles - at cost	30,673	30,673
Less: Accumulated depreciation	(17,759)	(13,454)
	12,914	17,219
Computer equipment - at cost	10,409	10,409
Less: Accumulated depreciation	(10,409)	(10,409)
	-	-
	37,360	23,528

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

	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2020	7,072	22,958	30,030
Additions	590	-	590
Depreciation	(1,353)	(5,739)	(7,092)
Balance at 30 June 2021	6,309	17,219	23,528
Additions	20,022	-	20,022
Depreciation	(1,885)	(4,305)	(6,190)
Balance at 30 June 2022	24,446	12,914	37,360

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:

Furniture, fixtures and fittings	2 to 20 years
Motor vehicles	4 years

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

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

Note 12. Property, plant and equipment *(continued)*

Changes in estimates

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

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	323,914	288,243
Less: Accumulated depreciation	(164,882)	(150,126)
	159,032	138,117

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 $	Total $
Balance at 1 July 2020	152,529	152,529
Depreciation expense	(14,412)	(14,412)
Balance at 30 June 2021	138,117	138,117
Remeasurement adjustments	35,670	35,670
Depreciation expense	(14,755)	(14,755)
Balance at 30 June 2022	159,032	159,032

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 remeasure-ment of lease liabilities.

Refer to note 16 for more information on lease arrangements.

Note 14. Intangibles

	Land and buildings $	Total $
Franchise fee	32,053	32,053
Less: Accumulated amortisation	(24,279)	(22,128)
	7,774	9,925
Franchise renewal fee	110,266	110,266
Less: Accumulated amortisation	(71,448)	(60,640)
	38,818	49,626
	46,592	59,551

Note 14. Intangibles *(continued)*

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	1,375	6,870	8,245
Additions	10,756	53,782	64,538
Amortisation expense	(2,206)	(11,026)	(13,232)
Balance at 30 June 2021	9,925	49,626	59,551
Amortisation expense	(2,151)	(10,808)	(12,959)
Balance at 30 June 2022	7,774	38,818	46,592

Additions

During the previous financial year the Dunkeld franchise fee was renewed. This is to be amortised over five years to February 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.

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	February 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	February 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.

Note 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Other payables and accruals	35,618	24,170
Non-current liabilities		
Other payables and accruals	29,042	43,564

Note 15. Trade and other payables *(continued)*

Accounting policy for trade and other payables

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

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

Note 16. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	27,500	22,451
Unexpired interest	(9,733)	(8,705)
	17,767	13,746

	2022 $	2021 $
Non-current liabilities		
Land and buildings lease liabilities	208,542	192,701
Unexpired interest	(37,671)	(38,699)
	170,871	154,002

	2022 $	2021 $
Reconciliation of lease liabilities		
Opening balance	167,748	180,774
Remeasurement adjustments	35,670	-
Lease interest expense	8,866	9,425
Lease payments - total cash outflow	(23,646)	(22,451)
	188,638	167,748

	2022 $	2021 $
Maturity analysis		
Not later than 12 months	27,500	22,451
Between 12 months and 5 years	110,000	89,802
Greater than 5 years	98,542	102,899
	236,042	215,152

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.

Note 16. Lease liabilities *(continued)*

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

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

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

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

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

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:

Dunkeld branch	The lease agreement commenced in February 2011. A 5 year renewal option was exercised in February 2021. 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 February 2031. The discount rate used in calculations is 5.39%.

Note 17. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	18,063	24,513
Long service leave	32,752	27,938
	50,815	52,451
Non-current liabilities		
Long service leave	8,468	5,937

Accounting policy for employee benefits

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

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

Note 17. Employee benefits *(continued)*

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	26,093	24,727

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $41,400 for the Dunkeld Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on February 2031 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions

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

Note 19. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	623,400	623,400	623,400	623,400
Less: Equity raising costs	-	-	(10,509)	(10,509)
	623,400	623,400	612,891	612,891

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.

Note 19. Issued capital *(continued)*

Rights attached to issued capital

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the com-pany 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 share-holders in the company is (or would be) lower than the base number (the "base number test"). The base number is 322. As at the date of this report, the company had 321 shareholders (2021: 322 shareholders).

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

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

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

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

Note 20. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(91,336)	(230,299)
Profit after income tax expense for the year	120,253	170,133
Dividends paid (note 22)	(37,404)	(31,170)
Accumulated losses at the end of the financial year	(8,487)	(91,336)

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

Dividends provided for and paid during the period

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

	2022 $	2021 $
Fully franked dividend of 6 cents per share	37,404	-
Unfranked dividend of 5 cents per share	-	31,170
	37,404	31,170

Franking credits

	2022 $	2021 $
Franking credits (debits) arising from income taxes paid (refunded)	38,713	-
Franking debits from the payment of franked distributions	(12,468)	-
	26,245	-
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	26,245	-
Franking credits (debits) that will arise from payment (refund) of income tax	14,129	12,199
Franking credits available for future reporting periods	40,374	12,199

Note 22. Dividends *(continued)*

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 23. Financial instruments

Dividends provided for and paid during the period

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

	2022 $	2021 $
Financial assets		
Trade and other receivables	65,114	55,651
Cash and cash equivalents	615,574	542,528
	680,688	598,179
Financial liabilities		
Trade and other payables	64,660	67,734
Lease liabilities	188,638	167,748
	253,298	235,482

Accounting policy for financial instruments

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

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

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associat-ed with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or ex-pire. 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.

Note 23. Financial instruments *(continued)*

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $615,574 at 30 June 2022 (2021: $542,528). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

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

Liquidity risk

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

Exposure to liquidity risk

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

2022	**1 year or less $**	**Between 1 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives				
Trade and other payables	35,618	29,042	-	64,660
Lease liabilities	27,500	110,000	98,542	236,042
Total non-derivatives	63,118	139,042	98,542	300,702

2021	**1 year or less $**	**Between 1 and 5 years $**	**Over 5 years $**	**Remaining contractual maturities $**
Non-derivatives				
Trade and other payables	24,170	43,564	-	67,734
Lease liabilities	22,451	89,802	102,899	215,152
Total non-derivatives	46,621	133,366	102,899	282,886

Note 24. Key management personnel disclosures

The following persons were directors of Grampians Regional Community Enterprises Limited during the financial year:

Craig Gordon Oliver
Brendan John Kelly
Helen Nielsen
Anthony John Page
Susan Mary Morse
Jodie Louise Young
Sherryn Lesley Jennings
Christopher Robert Murphy
Donald Simon Macgugan
Mathew Stevens Nettleton
Joanna Wallace Heard
Jock Travers Melville Whiting

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

Note 24. Key management personnel disclosures *(continued)*

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

Note 25. Related party transactions

Transactions with related parties

The following transactions occurred with related parties:

	2022 $	2021 $
The company purchased hardware items from a company Brendan Kelly is the owner of.	10	22
Anthony Page completed repair works on the branch. The total benefit received was:	155	-

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

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 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	725	700
General advisory services	3,180	3,280
Share registry services	5,569	3,830
	9,474	7,810
	14,674	12,810

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

	2022 $	2021 $
Profit after income tax expense for the year	120,253	170,133
Adjustments for:		
Depreciation and amortisation	33,904	34,736
Lease liabilities interest	8,866	9,425
Change in operating assets and liabilities:		
Increase in trade and other receivables	(9,463)	(2,316)
Decrease/(increase) in deferred tax assets	(559)	44,394
Increase in trade and other payables	10,127	5,028
Increase in provision for income tax	1,930	12,199
Increase in employee benefits	895	5,635
Increase in other provisions	1,366	1,295
Net cash provided by operating activities	167,319	280,529

Notes to the Financial Statements (continued)

Note 28. Earnings per share

	2022 $	2021 $
Profit after income tax	120,253	170,133
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	623,400	623,400
Weighted average number of ordinary shares used in calculating diluted earnings per share	623,400	623,400
	Cents	**Cents**
Basic earnings per share	19.29	27.29
Diluted earnings per share	19.29	27.29

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Grampians Regional 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 financial year, the board of directors has proposed to pay a fully franked dividend of 5 cents per share, to be paid on 1 December. The financial impact of the dividend, amounting to $31,170 has not been recognised in the financial statements for the financial year ended 30 June 2022, and will be recognised in the subsequent financial statements.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company the results of those operations or the state of affairs of the company, in future years.

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

Directors' Declaration

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

Craig Gordon Oliver
Chairman

14 September 2022

Independent Audit Report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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Independent auditor's report to the Directors of Grampians Regional Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Grampians Regional Community Enterprises Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Grampians Regional 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.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 14 September 2022

Joshua Griffin
Lead Auditor

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Bendigo Bank