Annual Report 2022

2022 Annual Report

Heyfield & District Community Financial Services Limited

Community Bank
Heyfield & District

ABN 96 094 854 949

Vision Statement

To work with our community to develop and improve the district.

Mission Statement

To develop the strength of the Community Bank and provide support to the district.

Statement of Values

We aim to work with our community, to develop and improve the district.

We value our customers, and through our strong partnership with Bendigo Bank, will ensure a banking presence remains and expands within the community.

We value our shareholders and will ensure their Investment in the company is safeguarded and rewarded.

We value our staff and will ensure they have the opportunity to develop to their full potential.

Contents

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Share Registry:
Lead Advisory Group
PO Box 30, Bendigo VIC 3552
Phone: 03 5445 4200
Email: shares@rsdregistry.com.au

A Word from our Chair

It is with some surprise that I find myself presenting this report as chair of Heyfield and District Community Financial Services Limited (HDFS). I hope that I can take the experience passed on by past Chair Greg MacKenzie and the support I have received from the current board, to continue the important role that HDFS plays in our community.

Bendigo Bank have shown themselves to be the leader in community banking. Together we form a strong partnership to provide not only banking services to the Heyfield district but investment and employment opportunities. For over 20 years our business has continued to support the clubs and organizations that make living in our community a rewarding and enjoyable experience.

Of course to be able to provide funding for the projects that we support we need to ensure that our business model is working efficiently. Like many businesses we have experienced some staffing shortfall issues. We have been very fortunate to have two staff members who have continued to work beyond their normal roles to keep Community Bank Heyfield and District open with minimal closures required. I thank them for their dedication and commitment to the branch. As I write this report a new Customer Service Officer has just started, with another to begin soon. Having the full complement of staff will allow for more time to engage with our customers and encourage further investment at our branch.

The region has been particularly buoyant in the farming sector with a flow on effect to rural suppliers and agricultural industries. The tree changers also continue to set up in our area and the opening up of land for housing provides optimism for future investment. Ash Timber has also had some major upgrades to its facility and provides a stable workplace, giving confidence of a long term future.

After many years on the board Greg MacKenzie stepped down as Chair and retired from the board. We thank him for his long standing commitment and dedication to the roles he has held at HDFS. Another long standing member Thomas Crosbie has had a change to his working/living roles and he too has retired from the board. Fortunately we have had two new board members onboarded throughout year. Gael McGee and Reece Mizzi have also joined our board which further provides a great mix of experience and enthusiasm. Jamie Riley has stepped into the treasurers role and Jane Harvie continues as company secretary, marketing chair and administration support.

The board members all take great pride in the sponsorships and donations that are paid out during the year; it is one of the most rewarding parts to the role. We still achieve this and continue to provide a positive return to our shareholders due to the past leadership and dedication of the current board members.

Finally on behalf of all the board members I would like to thank you for your support. We look forward to the forthcoming year and the opportunity to continue the sponsorships, partnerships and community involvement together with our shareholders.

Mark Cox
Chairman

Message from Head of Community Banking

Community Bank Report 2022
BEN Message

July 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

Message from CBNC Chair

OUR VOICE COMMUNITY BANK NATIONAL COUNCIL

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 22-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact

All directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

Warm regards

Sarah Franklyn
CBNC Chair

Heyfield & District Community Financial Services Limited

ABN: 79 605 600 217

Financial Report

For the year ended
30 June 2022

Directors' Report

The directors present their report on Heyfield & District Community Financial Services Ltd for the financial year ended 30 June 2022.

Information on Directors

The names of each person who has been a director during the year and to the date of this report are:

Mark Cox (appointed 20 August 2021)
Chairperson

Qualifications: Trade certificate in Boilermaking/Certificate 4 in spare parts.

Experience: In excess of 20 years managing outdoor power equipment, 20 years as community Ambulance Officer. Past President and Secretary of Maffra/Sale Motorcycle club. Mark brings extensive experience with customer service and sales and local knowledge. Mark has lived in Heyfield for 35 years so is a wealth of knowledge.

Troy Underwood (retired 17 November 2021)
Signage auditor

Qualifications: Apprenticeship in Signwriting - Western Metropolitan College of TAFE (1994).

Experience: Troy has 27 years experience as a signwriter and is owner/ operator of Heyfield Signs, Heyfield. Volunteer member of Heyfield CFA for 15 years and supporter of various sporting groups in Heyfield.

Jamie Riley
Treasurer

Experience: Jamie has extensive experience as a qualified Chef with more than 20 years industry experience, managing hotels in Melbourne and Heyfield. He is the owner/ operator of Cafe 3858, Heyfield. President of the Heyfield Traders & Tourism Association and extensive experience in public speaking, sales, leadership and hospitality management.

Jane Harvie
Company secretary, chair of the marketing committee and executive administration assistant.

Qualifications: Bachelor of Business Marketing (Swinburne 1990), Visual Merchandising Diploma.

Experience: Consumer Marketing Specialist with International brands, significant experience working with large retailers and corporates. Jane has spent in excess of 20 years as a business coach and marketing analyst for small to medium size businesses. Jane is currently a director of 6 other ASIC listed companies and currently volunteers with other community groups in the area.

Directors’ report (continued)

Gael McGee (appointed 6 December 2021)
Member of the marketing committee

Experience: Gael is the current licenced owner of the Heyfield Railway Hotel (The Top Pub) and has spent in excess of 30 years in the hospitality industry. Gael is a big supporter of our community, holding many events and charitable events at her venue. Gael holds several other community roles and is very active in our Community and brings a wealth of knowledge, experience and insight onto our board. Gael is also part of our Marketing committee.

Kenneth Noble (retired 17 November 2021)
Member of the marketing committee and signage auditor.

Qualifications: Certificate IV Rural Management Services.

Experience: Kenneth has more than 20 years service in senior positions in the Heyfield Lions Club and the Heyfield Apex Club.

Thomas Crosbie
(retired 31 March 2022)
Member of the marketing committee

Experience: Thomas is an information technology specialist and operator of Byteman Solutions. Thomas was awarded Heyfield’s Young Citizen of the Year in 2014 for work with Computer Donations for Gippsland.

Gregor Mackenzie
(retired 1 April 2022)

Qualifications: Associate Diploma of Engineering in Aircraft Systems Maintenance (1975); Advanced Certificate in Aircraft Maintenance (Airframe & Engines) (1975); Associate Diploma in Management (1991); Certificate in Security & Personal Administration (1991); Certificate in Public Administration (1995); Victoria Police Investigators Course (1991); Victoria Police Inspectors Graduation Qualification (1998); Professional Contract Management - Chifley Business School (2007); Senior Leaders Qualification - Mt Eliza Business School (2007).

Experience: Retired officer of the Royal Australian Navy (37.5 years), executive officer in Australian Public Service (13 years), former Western Port College Committee member, past President and Secretary of the Heyfield Lions Club, President of the Heyfield RSL, current Volunteer Firefighter for Glenmaggie CFA.

Reece Mizzi
(appointed 31 May 2022)

Experience: Reece is the current owner/manager of the Heyfield LPO and has been around our district most of his life. Reece has a certificate III in retail and has experience in Sales, Staff Management and bookkeeping. Reece brings a younger, vibrant and enthusiastic disposition to our board and will become part of our Marketing Team in due course.

Directors’ report (continued)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The secretary of the company at the end of the financial year was Jane Harvie who has been in the position since 12 November 2020.

Directors’ meetings

During the financial year, 11 meetings of directors (excluding committees of directors) were held. Attendances by each director during the year were as follows:

	Directors’ Meetings	
	Number eligible to attend	Number attended
Mark Cox	10	10
Jamie Riley	11	9
Jane Harvie	11	11
Gael McGee	7	7
Gregor Mackenzie	8	7
Kenneth Noble	4	3
Reece Mizzi	1	1
Troy Underwood	4	4
Thomas Crosbie	8	5

Principal activities

The principal activities of Heyfield & District Community Financial Services Ltd during the financial year were to provide **Community Bank®** branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

No significant changes in the nature of the company’s activity occurred during the financial year.

Operating results

Operating results have continued to perform in line with the expectations of the board. The profit of the company after providing for income tax amounted to $45,939 (2021: $59,259).

Dividends paid or recommended

A fully franked dividend of 2.5 cents per share totalling $11,250 was paid during the year. To the date of this report no dividend has been paid or declared in respect of the year ended 30 June 2022.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the company during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which 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 financial years.

Environmental issues

The company’s operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Directors' report (continued)

Indemnification and insurance of officers and auditors

The company has agreed to indemnify each officer (director, secretary or employee) out of the assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or lack of good faith. The company has officers insurance for the benefit of the officers of the company against any liability incurred by the officer, which includes the officers' liability for legal costs arising out of the conduct of the business of the company or arising out of the discharge of the officers' duties.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

The company has not provided an indemnity or insurance for an Auditor of the Company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2022 has been received and can be found on page 5 of the financial report. No officer of the company is or has been a partner or director of the Auditor of the Company.

Signed in accordance with a resolution of the Board of Directors:

Mark Cox

Jane Harvie

Dated: 13 September 2022

Auditor's independence declaration

CountPro AUDIT

Heyfield & District Community Financial Services Ltd
ABN 96 094 854 949

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Heyfield & District Community Financial Services Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

(i) no contraventions of the auditor independence requirements as set out in 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.

CountPro Audit Pty Ltd

CountPro Audit Pty Ltd

Jason D. Hargreaves
Director

180 Eleanor Drive, Lucas

Dated: 12 September 2022

180 Eleanor Drive, Lucas, VIC 3350 PO Box 4259, Lucas, VIC 3350 Phone (03) 5331 2333 www.countpro.com.au

Financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue and other income	3	**490,030**	572,133
Depreciation and amortisation expense	4(a)	**(37,710)**	(36,384)
Employment expenses	4(b)	**(230,616)**	(288,485)
Operating expenses	4(c)	**(151,514)**	(148,463)
Operating profit before charitable donations and sponsorships		**70,190**	98,801
Charitable donations and sponsorships	4(d)	**(8,489)**	(23,244)
Profit before income tax		**61,701**	75,557
Income tax expense	6(a)	**(15,762)**	(16,298)
Profit for the year		**45,939**	59,259
Other comprehensive income, net of tax			
Revaluation of land and buildings, net of tax	6(c)	**-**	1,364
Total comprehensive income for the year		**45,939**	60,623
Profit attributable to members of the company		**45,939**	59,259
Total comprehensive income attributable to members of the company		**45,939**	60,263
Earnings per share attributable to members of the company (cents per share)	17	**10.21**	13.17

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Financial Position

As at June 30 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	7	**427,682**	380,660
Trade and other receivables	8	**51,084**	48,652
Total current assets		**478,766**	429,312
Non-current assets			
Property, plant and equipment	10	**437,126**	458,200
Intangible assets	11	**55,374**	70,051
Total non-current assets		**492,500**	528,251
Total assets		**971,266**	957,563
Liabilities			
Current liabilities			
Current tax liabilities	9(a)	**1,871**	19,023
Trade and other payables	12	**40,618**	38,560
Employee benefits	13	**15,412**	18,553
Total current liabilities		**57,901**	76,136
Non-current liabilities			
Deferred tax liabilities	9(b)	**36,586**	39,626
Employee benefits	13	**2,456**	2,167
Total non-current		**39,042**	41,793
Total liabilities		**96,943**	117,929
Net assets		**874,323**	839,634
Equity			
Issued capital	14	**450,009**	450,009
Retained earnings		**282,283**	247,594
Reserves	15	**142,031**	142,031
Total equity		**874,323**	839,634

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Changes in Equity

For the year ended 30 June 2022

2022

	Note	Issued capital $	Retained earnings $	Asset revaluation reserve $	Total $
Balance at 1 July 2021		**450,009**	**247,594**	**142,031**	**839,634**
Profit attributable to members of the company		**-**	**45,939**	**-**	**45,939**
Dividends paid or provided for	16	**-**	**(11,250)**	**-**	**(11,250)**
Balance at 30 June 2022		**450,009**	**282,283**	**142,031**	**874,323**

2021

	Note	Issued capital $	Retained earnings $	Asset revaluation reserve $	Total $
Balance at 1 July 2020		450,009	197,335	140,667	788,011
Profit attributable to members of the company		-	59,259	-	59,259
Comprehensive income		-	-	1,364	1,364
Dividends paid or provided for	16	-	(9,000)	-	(9,000)
Balance at 30 June 2021		450,009	247,594	142,031	839,634

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities:			
Receipts from customers		**486,608**	593,086
Payments to suppliers and employees		**(391,963)**	(457,822)
Interest received		**990**	754
Income taxes (paid)/refunded		**(35,954)**	1,555
Net cash provided by operating activities	21	**59,681**	137,573
Cash flows from investing activities:			
Proceeds from redemption of investment		**-**	201,637
Purchase of property, plant and equipment		**(2,146)**	(427)
Purchase of intangible assets		**-**	(71,396)
Net cash (used in)/provided by investing activities		**(2,146)**	129,814
Cash flows from financing activities:			
Dividends paid		**(10,513)**	(9,080)
Net cash used in financing activities		**(10,513)**	(9,080)
Net increase in cash and cash equivalents held		**47,022**	258,307
Cash and cash equivalents at beginning of year		**380,660**	122,353
Cash and cash equivalents at end of financial year	7	**427,682**	380,660

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2022

The financial report covers Heyfield & District Community Financial Services Ltd as an individual entity. Heyfield & District Community Financial Services Ltd is a public company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Heyfield & District Community Financial Services Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on .

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

1 Summary of significant accounting policies

(a) Economic dependence

Heyfield & District Community Financial Services Ltd is dependent on the Bendigo and Adelaide Bank Limited for the majority of its revenue used to operate the business.

The company entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management and operations of the **Community Bank®** branch at Heyfield. The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name 'Bendigo Bank', the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The Company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however, all transactions with customers conducted through the **Community Bank®** branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products provided are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products to the customer. 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 debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited and all credit products provided to customers are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in maintaining the **Community Bank®** branch 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 assistance and advice in relation to:
- design, layout and fit out of the **Community Bank®** branch;
- training for Branch Managers 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 logistics control;

1 Summary of significant accounting policies (continued)

(a) Economic dependence (continued)

- calculation of company revenue and payment of many operating and administrative expenses;
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

At the date of this report the directors have no reason to believe the Bendigo and Adelaide Bank Limited will not continue to support Heyfield & District Community Financial Services Ltd.

(b) Revenue and other income

Revenue is recognised under AASB 15 on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer.
2. Identify the performance obligations.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations.
5. Recognise revenue as and when control of the performance obligations is transferred.

All revenue is stated net of the amount of goods and services tax (GST).

Revenue from contracts with customers

The company has in place franchise agreements with Bendigo & Adelaide Bank Limited. The company delivers banking and financial services of Bendigo & Adelaide Bank Limited to the community. The franchise agreement provides for a share of interest, fee and commission revenue earned under the agreement. Interest margin 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 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*, revenue recognition for the company's revenue streams is as follows:

Revenue	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the 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.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company - margin, commission and fee income. Bendigo & Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

1 Summary of significant accounting policies (continued)

(b) Revenue and other income (continued)

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 & Adelaide Bank Limited,
- minus any costs of funds i.e. interest applied to fund a loan.

The company is entitled to a share of the margin earned by Bendigo & Adelaide Bank Limited. If the margin is 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. The commission revenue is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives upfront and trailing commission for products and services sold. The upfront commission is recognised when the performance obligation has been met. Ongoing trailing commissions 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 & Adelaide Bank Limited including fees for loan applications and account transactions.

Core banking products

Bendigo & Adelaide Bank Limited 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 & Adelaide Bank Limited branded home loans, term deposits and at call deposits.

Ability to change financial return

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

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

Notes to the Financial statements (continued)

For the year ended 30 June 2022

1 Summary of significant accounting policies (continued)

(b) Revenue and other income (continued)

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

Other income

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

Revenue	Revenue recognition policy
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Discretionary financial contributions (Market Development Fund)	Market development fund income is recognised when the right to receive the payment is established. Market development fund income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Government stimulus	Government stimulus is comprised of cash flow boost amounts and are 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 the goods and services are provided.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank & Adelaide Bank Limited has also made Market Development Fund (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 revenue.

The payments from Bendigo & Adelaide Bank Limited 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 & Adelaide Bank Limited.

Government stimulus payments

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

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

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

1 Summary of significant accounting policies (continued)

(c) Income tax

The income tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current income tax is the amount of income taxes payable in respect of the taxable profit for the year and is measured at the amount expected to be paid to the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Deferred tax is not provided for the following:
- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable income.
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Leases

On entering into a contract the company assesses whether a lease exists i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:
- The contract involves the use of an identified asset - this may be explicit or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The company has a right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and what purpose the asset is used.

Right-of-use asset

At the lease commencement, the company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised.

1 Summary of significant accounting policies (continued)

(e) Leases (continued)

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lessee accounting

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured where there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the company's assessment of the lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use has been reduced to zero.

(f) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority.

Receivables and payable are stated inclusive of GST. 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.

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

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the fair value model based on periodic, but at least triennial, valuations undertaken by independent and qualified valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on the revaluation of land and buildings are brought to account as comprehensive income and credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are recognised against the previously recorded revaluation reserve. All other decreases are recognised in profit or loss.

Notes to the Financial statements (continued)

For the year ended 30 June 2022

1 Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Land and buildings (continued)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The carrying amount of land and buildings is reviewed annually by the directors to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's use and subsequent disposal.

Plant and equipment

Plant and equipment (including furniture, fixtures, fittings and motor vehicles) are measured using the cost model and are recorded at cost less accumulated depreciation and any impairment losses. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's use and subsequent disposal, discounted to their present values.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on either a straight-line (SL) or diminishing value (DV) basis over the assets useful life to the company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5% SL
Plant and Equipment	10% SL
Furniture, Fixtures and Fittings	10% SL
Motor Vehicles	25% DV

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Notes to the Financial statements (continued)

For the year ended 30 June 2022

1 Summary of significant accounting policies (continued)

(h) Fair value of assets and liabilities

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

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

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

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

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(i) Financial instruments

Classification

On initial recognition the company classifies its financial assets, according to the basis on which they are measured, at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:
- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and term deposits in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(i) Financial instruments (continued)

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:
- financial assets measured at amortised cost

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the company's historical experience and informed credit assessment and including forward looking information.

The company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The company uses the presumption that a financial asset is in default when:
- the other party is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expenses. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

1 Summary of significant accounting policies (continued)

(j) Impairment of non-financial assets

At the end of each reporting period the company determines whether there is an evidence of an impairment indicator for non-financial assets. Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated. The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(k) Intangible assets

Franchise fees (including renewal fees) are initially recorded at cost and amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. Franchise fees are amortised at a rate of 20% per annum.

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

(l) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits available on demand and short-term investments (with original maturities of three months or less) which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for expected credit losses is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised through profit or loss.

(n) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

1 Summary of significant accounting policies (continued)

(n) Employee benefits (continued)

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables. Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(o) Trade and other payables

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

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares which vest immediately are recognised as a deduction from equity, net of any tax effects.

(q) Dividends

Provision is made for the amount of any dividends declared that have been appropriately authorised and are no longer at the discretion of the company, on or before the end of the financial year but that have not been paid at that date.

(r) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to members of the company by the weighted average number of ordinary shares outstanding during the year.

(s) Comparative figures

Comparatives are consistent with prior years, unless otherwise stated. When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to the Financial statements (continued)
For the year ended 30 June 2022

2 Critical accounting estimates and judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - estimated useful life and impairment of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The required depreciation and amortisation charges will increase where useful lives are less than previously estimated.

The company assesses impairment of assets at the end of each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate assumptions of the economic benefits expected to be received through the use of the assets.

Key estimates - property, plant and equipment held at fair value

The company undertakes an assessment of the fair value of property, plant and equipment each year.

An independent valuation of properties (land and buildings) carried at fair value was obtained on 26 February 2020. The directors have reviewed this valuation and updated it based on valuation indexes for the area in which the property is located. The valuation is an estimation which would only be realised if the property is sold.

Note 19 provides information on inputs and techniques to determine valuation.

Key estimates - employee benefits provisions

The company uses estimates to determine the current value of future obligations for employee benefits. The estimates are based on assumptions of future wage growth and consumer price index movements. The likelihood of employees reaching a period of service resulting in the employee benefits becoming unconditional and when an employee benefit obligation is likely to be settled are also estimated.

Key judgements - revenue recognition

The company exercises judgement in determining the amounts and timing of revenue to be recognised in the reporting period in accordance with the accounting policies.

Key judgements - leases

The company exercises judgement in determining;
- whether a contract is or contains a lease;
- whether the company has a right to direct use of the identified asset;
- whether the company obtains substantially all the economic benefit from the use of the asset;
- whether the company is reasonably certain to exercise extension options; and
- the discount rate, where the implicit rate cannot be readily determined.

Notes to the Financial statements (continued)

For the year ended 30 June 2022

2 Critical accounting estimates and judgments (continued)

Key judgements - income tax

The company is subject to income tax and significant judgement is required in determining the recognition of deferred tax assets. Deferred tax assets are only recognised which it is considered sufficient future profits will be generated to make use of the deferred tax asset. The estimates of future profits is based on the company's assessment of expected future cash flows.

	2022 $	2021 $
3 Revenue and other income		
Revenue from contracts with customers		
Margin income	**363,071**	405,267
Fee income	**42,850**	51,928
Commission income	**63,309**	64,068
	469,230	521,263
Other income		
Contract labour	**1,060**	3,785
Interest received	**990**	1,783
Government stimulus payments	**-**	14,439
Market development fund income	**18,750**	30,833
Sundry income	**-**	30
	20,800	50,870
	490,030	572,133

4 Expenses

	2022 $	2021 $
(a) Depreciation and amortisation expense		
Depreciation		
Buildings	**8,772**	8,772
Plant and equipment	**6,733**	6,730
Furniture, fixtures and fittings	**4,778**	5,102
Motor vehicles	**2,750**	3,668
	23,033	24,272
Amortisation		
Licenses and franchises	**14,677**	12,112
	14,677	12,112
	37,710	36,384

Notes to the Financial statements (continued)

For the year ended 30 June 2022

4 Expenses (continued)

	2022 $	2021 $
(b) Employment expenses		
Wages and salaries	**199,598**	241,379
Superannuation contributions	**19,161**	24,037
Fringe benefits tax	**3,233**	3,181
Movement in provision for employee entitlements	**(2,852)**	8,249
Other employment expenses	**11,476**	11,639
	230,616	288,485
(c) Operating expenses		
Accounting fees	**27,295**	26,765
Advertising and marketing	**4,667**	1,566
Automatic teller machine expenses	**6,560**	8,185
Auditors remuneration	**5,650**	5,400
Bank charges	**80**	389
Delivery costs	**3,824**	3,843
Entertainment	**1,349**	2,418
Filing fees	**1,823**	1,599
Information technology expenses	**32,110**	33,956
Insurance	**13,385**	16,202
Loss on disposal of assets	**187**	-
Motor vehicle expenses	**3,053**	1,929
Occupancy expenses	**14,996**	23,066
Office expenses	**11,179**	14,746
Share registry services	**4,703**	3,525
Subscriptions	**491**	735
Other operating expenses	**20,162**	4,139
	151,514	148,463

4 Expenses (continued)

	2022 $	2021 $
(d) Charitable donations and sponsorships		
Community sponsorship		
Coongulla Reserve Committee of Management	**500**	250
Cowwarr Recreation Reserve	**-**	886
Gippsland Woodcraft Group	**-**	160
Glenmaggie Mechanics Institute	**-**	8,502
Heyfield Bowls Club Inc	**-**	1,636
Heyfield CRG	**3,825**	-
Heyfield Cricket Club	**-**	200
Heyfield Football Netball Club	**1,364**	-
Heyfield Golf Club	**1,573**	450
Heyfield Primary School	**227**	250
Heyfield RSL	**-**	10,000
Heyfield Tennis Club	**500**	500
Heyfield Wetlands	**-**	410
St Michaels Primary School	**500**	-
	8,489	23,244

Notes to the Financial statements (continued)
For the year ended 30 June 2022

	2022 $	2021 $
5 Auditors' remuneration		
Remuneration of the auditor, CountPro Audit Pty Ltd, for:		
Audit and review of financial statements	**5,650**	5,400
	5,650	5,400
Remuneration of related entity, CountPro Pty Ltd, for:		
Accounting and other non-assurance services	**27,295**	26,765
	27,295	26,765
	32,945	32,165

Accounting and other non-assurance services include financial statement preparation and a range of accounting and taxation services. Phillip Brown, Director of CountPro Pty Ltd, is engaged to provide these services. No person involved in the provision of audit services is involved in the provision of non-assurance services to the company.

6 Income tax expense

	2022 $	2021 $
(a) The major components of tax expense comprise:		
Current tax expense	**18,802**	23,478
Deferred tax benefit	**(3,040)**	(7,180)
Income tax expense	**15,762**	16,298
(b) Reconciliation of income tax to accounting profit:		
Prima facie tax on profit before income tax at 25% (2021: 26%)	**15,425**	19,645
Add/(less) tax effect of:		
- non deductible expenses	**337**	628
- change in company tax rates	**-**	(221)
- non assessable government stimulus payments	**-**	(3,754)
Income tax expense	**15,762**	16,298
Weighted average effective tax rate	**25.55%**	21.57%

(c) Income tax relating to each component of other comprehensive income:

	2022			2021		
	Before-tax amount $	**Tax expense $**	**Net-of-tax amount $**	Before-tax amount $	Tax expense $	Net-of-tax amount $
Net gain on revaluation of land and buildings	**-**	**-**	**-**	-	1,364	1,364
	-	**-**	**-**	-	1,364	1,364

	2022 $	2021 $
7 Cash and cash equivalents		
Current		
Cash on hand	**50**	50
Bank balances	**222,195**	176,160
Short term deposits	**205,437**	204,450
	427,682	380,660
8 Trade and other receivables		
Current		
Trade receivables	**51,084**	46,625
Accrued income	**-**	2,027
	51,084	48,652

The majority of the trade debtors owing to the Company are from the Bendigo and Adelaide Bank Limited, which is the source of the majority of the Company's income. The Company monitors whether its trade debtors are 'past due'. Amounts are considered to be 'past due' when the debt has not been settled within the terms and upon the conditions agreed between the Company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment based on an expected credit loss basis. At the reporting date none of the receivables of the Company were 'past due' (2021: none past due).

	2022 $	2021 $
9 Tax assets and liabilities		
(a) Current tax liability		
Income tax payable	**1,871**	19,023
	1,871	19,023
(b) Deferred tax liability		
Net deferred tax liabilities relate to the following:		
Revaluations of land and buildings	**42,152**	45,855
Employee provisions	**(4,467)**	(5,180)
Expenses not deductible until paid	**(1,099)**	(1,049)
	36,586	39,626

Deferred tax expense included in income tax expense at note 6(a) comprises the increases and decreases in net deferred tax liabilities.

Notes to the Financial statements (continued)
For the year ended 30 June 2022

	2022 $	2021 $
10 Property, plant and equipment		
Land and buildings		
Freehold land		
At fair value (i)	**69,121**	69,121
	69,121	69,121
Buildings		
At fair value (i)	**350,879**	350,879
Accumulated depreciation	**(17,544)**	(8,772)
	333,335	342,107
	402,456	411,228
Plant and equipment		
Plant and equipment		
At cost	**97,309**	96,109
Accumulated depreciation	**(80,353)**	(74,379)
	16,956	21,730
Furniture, fixtures and fittings		
At cost	**194,231**	194,231
Accumulated depreciation	**(184,768)**	(179,990)
	9,463	14,241
Motor vehicles		
At cost	**27,897**	27,897
Accumulated depreciation	**(19,646)**	(16,896)
	8,251	11,001
	34,670	46,972
	437,126	458,200

(i) The Directors value land and buildings annually based on periodic, but ordinarily triennial, independent valuations by an appropriately qualified property valuer. The fair value model is applied to all land and buildings held by the company. The value of land and buildings comprises two properties which have been valued at $420,000 by the market approach method, based on independent valuations carried out on 26 February 2020 by Rosheen Stephenson, a Certified Practising Valuer of Herron Todd White, and were initially adopted by the Directors as at 30 June 2020. The Directors have assessed that the carrying value of each of the properties at 30 June 2022 are not materially different to the fair value of the land and buildings recorded at the balance date.

10 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2022

	Land	Buildings	Plant and equipment	Furniture, fixtures and fittings	Motor vehicles	Total
	$	$	$	$	$	$
Balance at the beginning of year	69,121	342,107	21,730	14,241	11,001	458,200
Additions	-	-	2,146	-	-	2,146
Disposals at written down value	-	-	(187)	-	-	(187)
Depreciation expense	-	(8,772)	(6,733)	(4,778)	(2,750)	(23,033)
Balance at the end of the year	69,121	333,335	16,956	9,463	8,251	437,126

2021

	Land	Buildings	Plant and equipment	Furniture, fixtures and fittings	Motor vehicles	Total
	$	$	$	$	$	$
Balance at the beginning of year	69,121	350,879	28,033	19,343	14,669	482,045
Additions	-	-	427	-	-	427
Depreciation expense	-	(8,772)	(6,730)	(5,102)	(3,668)	(24,272)
Balance at the end of the year	69,121	342,107	21,730	14,241	11,001	458,200

Notes to the Financial statements (continued)

For the year ended 30 June 2022

	2022	2021
	$	$
11 Intangible assets		
Non-current		
Licenses and franchises		
At cost	**73,384**	129,868
Accumulated amortisation and impairment	**(18,010)**	(59,817)
	55,374	70,051

(a) Movements in carrying amounts of intangible assets

	2022	2021
Licenses and franchises		
Balance at the beginning of the year	**70,051**	10,767
Additions	**-**	71,396
Amortisation	**(14,677)**	(12,112)
Balance at the end of the year	**55,374**	70,051

12 Trade and other payables

	2022	2021
Current		
Accrued expenses	**9,530**	9,237
Dividends payable	**5,052**	4,315
Trade payables	**11,723**	7,551
GST payable	**11,601**	12,951
Other payables	**2,712**	4,506
	40,618	38,560

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

13 Employee benefits

	2022	2021
Current		
Annual leave	**7,296**	14,868
Long service leave	**8,116**	3,685
	15,412	18,553
Non-current		
Long service leave	**2,456**	2,167
	2,456	2,167
	17,868	20,720

	2022 $	2021 $
14 Issued capital		
450,009 (2021: 450,009) ordinary shares	**450,009**	450,009
	450,009	450,009

	2022 No.	2021 No.
(a) Ordinary shares		
At the beginning of the reporting period	**450,009**	450,009
At the end of the reporting period	**450,009**	450,009

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At a shareholders meeting each shareholder is entitled to one vote when a poll is called or on a show of hands.

The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) Capital management

The key objectives of the company when managing capital is to maintain a strong capital base in order to ensure the future operations of the Company. The company defines capital as its total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement and subject to the amount permitted to be distributed under the *Corporations Act 2001*, the funds able to be distributed to shareholders in any 12 month period must not exceed the 'Dividend & Other Distribution' clause limit.

The 'Dividend & Other Distribution' clause limits any dividends to the greater of:
i) 20% of the total of the profit for the year plus accumulated profits from prior years plus community contributions made in the year.
ii) The average 90 day bank bill swap rate over the financial year plus 5% multiplied by the paid up share capital at the end of the financial year.

The directors manage the capital of the company and make funding decisions based on the prevailing economic environment and have a number of tools available to manage capital. These include access to debt, the ability to adjust the size and timing of dividends paid to shareholders, the management of the amounts paid in community contributions and sponsorships and the issue of new shares.

There has been no change to capital management policies during the year. There are no other externally imposed capital requirements.

Notes to the Financial statements (continued)

For the year ended 30 June 2022

	2022 $	2021 $
15 Reserves		

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

	2022 $	2021 $
Asset revaluation reserve		
Balance at the beginning of the year	**142,031**	140,667
Tax effect of change in company tax rate	**-**	1,364
Balance at the end of the year	**142,031**	142,031
16 Dividends		
Fully franked ordinary dividend of 2.5 cents per share was declared and paid (2021: 2 cents per share)	**11,250**	9,000
	11,250	9,000

Franked dividends declared or paid during the year were franked at the tax rate of 25.0% (2021: 26%).

17 Earnings per share

	2022 Cents	2021 Cents
Basic earnings per share (cents)	10.21	13.17

	2022 $	2021 $
Earnings used to calculate overall earnings per share	**45,939**	59,259

	2022 No.	2021 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	**450,009**	450,009

18 Financial risk management

The company is exposed to a variety of financial risks through its use of financial instruments.

The company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The company does not speculate in financial assets. The board has established an audit committee which reports regularly to the board.

The most significant financial risks to which the company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk

There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the board's objectives, policies and processes for managing or measuring the risks since the previous period.

Financial instruments

The principal categories of financial instrument used by the company are:
- Trade receivables
- Cash at bank
- Deposits with banks
- Trade and other payables

The totals of each category of financial instrument measured in accordance with AASB 9 *Financial Instruments* are as follows:

	2022 $	2021 $
Financial assets		
Cash and cash equivalents	**427,682**	380,660
Trade and other receivables	**51,084**	48,652
	478,766	429,312
Financial liabilities		
Trade and other payables	**40,618**	38,560
	40,618	38,560

Notes to the Financial statements (continued)
For the year ended 30 June 2022

18 Financial risk management (continued)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The company has a concentration of credit risk as a result the financial dependency on Bendigo and Adelaide Bank Limited with virtually all of the company's bank deposits, trade receivables and financial assets being with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

The company does not have any financial assets that are past due (2021: nil past due) and, based on historic performance, the company believes that no impairment charge is necessary in respect of financial assets.

The credit risk for trade receivables, liquid funds and other short-term financial assets is considered negligible, since the counterparty, Bendigo and Adelaide Bank Limited, are a reputable bank with high quality external credit ratings.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company ordinarily holds relatively short term fixed term investments which it retains to maturity resulting in minimal exposure to market risk on these investments.

(c) Interest rate risk

The company is exposed to interest rate risk as funds are borrowed and invested at floating and fixed rates. Borrowings and investments issued at fixed rates expose the company to fair value interest rate risk.

The company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

18 Financial risk management (continued)

(d) Liquidity risk

Liquidity risk arises from the company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

At the reporting date, these reports indicate that the company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

The company's financial assets and liabilities have maturities which are summarised below:

	Weighted average effective interest rate		Within 1 year		Total	
	2022	2021	2022	2021	2022	2021
	%	%	$	$	$	$
Financial assets						
Cash and cash equivalents	-	-	**427,682**	380,660	**427,682**	380,660
Trade and other receivables	-	-	**51,084**	48,652	**51,084**	48,652
			478,766	429,312	**478,766**	429,312
Financial liabilities						
Trade and other payables	-	-	**40,618**	38,560	**40,618**	38,560
			40,618	38,560	**40,618**	38,560

18 Financial risk management (continued)

(e) Fair value estimates

The directors estimates of the fair value of financial assets and liabilities are presented in the following table and compared to their carrying amounts as presented in the Statement of Financial Position. Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial assets				
Cash and cash equivalents (i)	427,682	427,682	380,660	380,660
Trade and other receivables (i)	51,084	51,084	48,652	48,652
	478,766	478,766	429,312	429,312
Financial liabilities				
Trade and other payables (i)	40,058	40,058	38,560	38,560
	40,058	40,058	38,560	38,560

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

19 Fair value measurement

The company measures the following assets and liabilities at fair value on a recurring basis:

- Freehold land and buildings

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

19 Fair value measurement (continued)

(a) Fair value hierarchy (continued)

The table below shows the assigned level for each asset and liability held at fair value by the company:

30 June 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Freehold land and buildings	**-**	**402,456**	**-**	**402,456**

30 June 2021	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Freehold land and buildings	-	411,228	-	411,228

Level 2 measurements

The revaluation of freehold land and buildings to their fair value is determined by the Directors each year based on independent valuations undertaken by an independent qualified valuer at least every three years and taking into consideration current market conditions and recent observable market data.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

Notes to the Financial statements (continued)
For the year ended 30 June 2022

19 Fair value measurement (continued)

(b) Valuation techniques

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

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

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

Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2022 $	Description of valuation techniques	Inputs used
Freehold land and buildings	402,456	Market approach	Independent valuation every three years

The fair value of freehold land and buildings is determined at least every three years based on valuations by an appropriately qualified and independent valuer. At the end of each intervening period, the directors review the carrying value and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

20 Key management personnel and other related parties

Any person having authority or responsibility for planning, directing or controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) are considered to be Key Management Personnel.

Other related parties include close family members of Key Management Personnel and entities that are controlled or jointly controlled by those Key Management Personnel, individually or collectively with their close family members.

(a) Transactions with related parties

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

During the year the company purchased goods and services and made grants to community groups with related party relationships as follows:

(i) During the year no amount (2021: $500) was paid to Byteman IT for information technology support services provided. The services were provided under normal commercial terms. Byteman IT is owned and operated by a retired director of the company.

(ii) During the year no amounts of sponsorship and donations (2021: $10,000) was paid to Heyfield RSL. The sponsorship requests were received and approved in accordance with the normal process for sponsorship approval. One of the retired directors of the company is president of Heyfield RSL.

(iii) During the year $176 (2021: nil) was paid to Top Pub for hospitality provided. The services were provided under normal commercial terms. Top Pub is owned and operated by a current director of the company.

(iv) During the year $449 (2021: $825) was paid to Heyfield LPO for postage, printing and stationery. The products and services were provided under normal commercial terms. Heyfield LPO is owned and operated by a current director of the company.

(v) During the year advertising, repairs and maintenance and sponsorship of $495 (2021: $649) was paid to Heyfield Signs for the provision of professional services. The services were provided under normal commercial terms. Heyfield Signs is owned and operated by a retired director of the company.

(vi) During the year $200 (2021: $110) was paid to Cafe 3858 for hospitality provided. The services were provided under normal commercial terms. Cafe 3858 is owned and operated by a current director of the company.

(vii) During the year $16,618 (2021: nil) was paid to Top Squad Pty Ltd for secretarial and administrative services provided. The services were provided under normal commercial terms. Top Squad Pty Ltd is owned and operated by a current director of the company.

20 Key management personnel and other related parties (continued)

(b) Key management personnel shareholdings

The key management personnel (and their related parties) held the following numbers of shares in Heyfield & District Community Financial Services Limited during the financial year:

	2022 No.	2021 No.
Mark Cox	-	-
Jamie Riley	-	-
Jane Harvie	-	-
Gael McGee	500	500
Gregor Mackenzie	-	-
Kenneth Noble	1,000	1,000
Reece Mizzi	-	-
Troy Underwood	-	-
Thomas Crosbie	-	-

There have been no changes in shareholdings of key management personnel during the year. Each share held has a paid up value of $1.00 and is fully paid.

(c) Community Bank® Directors' Privileges Package

The board has adopted the **Community Bank®** Directors' Privileges Package. The package is available to all directors, who can elect to receive the benefits based on their personal banking with the **Community Bank®** branch at Heyfield. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the directors from the Directors' Privilege Package are nil for the year ended 30 June 2022 (2021: nil).

(d) Key management personnel compensation

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

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

Notes to the Financial statements (continued)

For the year ended 30 June 2022

	2022 $	2021 $
21 Cash flow information		
Reconciliation of net income to net cash provided by operating activities:		
Profit for the year	**45,939**	59,259
Non-cash flows in profit:		
- amortisation	**14,677**	12,112
- depreciation	**23,033**	24,272
- net loss on disposal of plant and equipment	**187**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(2,432)**	21,707
- (increase)/decrease in deferred tax liabilities	**(3,040)**	(8,543)
- increase/(decrease) in trade and other payables	**1,321**	(5,879)
- increase/(decrease) in income taxes payable	**(17,152)**	26,396
- increase/(decrease) in provisions	**(2,852)**	8,249
Cashflows from operations	**59,681**	137,573

22 Contingencies

In the opinion of the directors, the company did not have any contingent assets or liabilities at 30 June 2022 (2021: nil).

23 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which 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 financial years.

24 Statutory information

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

Heyfield & District Community Financial Services Ltd
54-56 Temple Street
HEYFIELD VIC 3858

Directors' declaration

The directors of the company declare that:

1. the financial statements and notes for the year ended 30 June 2022, as set out on pages 6 to 41, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in the basis of preparation note to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position as at 30 June 2022 and performance of the company for the year ended on that date;

2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....
Mark Cox

Director ....
Jane Harvie

Dated: 13 September 2022

Independent audit report

Heyfield & District Community Financial Services Ltd

Independent Audit Report to the members of Heyfield & District Community Financial Services Ltd

Opinion

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

In our opinion, the accompanying financial report of the Company 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; 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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 to 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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Independent audit report (continued)

Heyfield & District Community Financial Services Ltd

Independent Audit Report to the members of Heyfield & District Community Financial Services Ltd

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

CountPro Audit Pty Ltd
....
CountPro Audit Pty Ltd

....
Jason D. Hargreaves
Director

180 Eleanor Drive, Lucas

Dated: 14 September 2022

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Bendigo Bank