Annual Report 2022

Huon Valley Financial Services Limited

Community Bank Huon Valley

ABN 34 101 469 854

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Chairman’s report

For year ending 30 June 2022

In my report last year I began by observing that at the end of the financial year we proudly celebrated the return of over $3 million to our community since we first opened our Geeveston and Dover branches in May 2003.

We can equally proudly report that in February this year we achieved total business of $500 million. This is truly a remarkable result.

There have been many highlights during the year but in particular a number worth mentioning. Whilst bricks and mortar bank branches are closing right across the country, in Huonville we have bucked this trend and expanded our premises. We were fortunate to secure the services of Michael Paul Builders to extend into the adjoining space that was previously occupied by NVS Hairdressing.

In February we took possession of the new premises and this has enabled us to provide sorely needed additional workspace for our staff and room for our growing number of customers.

Certainly not a highlight, but very much an example of what community banking is able to do with the profits that are returned to our community, is the Ryan Wiggins House project. One of the Cygnet Football Club’s fundraising ideas to help Ryan was to purchase a block of land in Cygnet on which they would build a new home, which would then be sold with the proceeds from the sale going to assist Ryan in his recovery. The Board of Huon Valley Financial Services were thrilled to be able to contribute in a small way by providing an interest free loan of $200,000 to construct the house.

We were fortunate enough to be able to assist in providing crisis accommodation for Huon Valley residents experiencing domestic violence, through the purchase of a three bedroom house in Kingborough. Advice provided by the Huon Valley Domestic Violence Service identified that up to 60% of victims of domestic or family violence do not report to police. In addition, 10% of the families presenting to domestic violence crisis accommodation providers in southern Tasmania in the last 18 months have been from the Huon Valley. Many families are turned away because of a lack of suitable, safe and secure accommodation.

We approached Jireh House, a women’s shelter in Kingston to discuss crisis housing options. After a lengthy search, exacerbated by a heated real estate market, we were able to purchase a three bedroom home for $700,000.

In March our wonderful Community Liaison Officer, Sam Paul, commenced maternity leave and we were fortunate enough to find a ready replacement in Nic Smith who has stepped into Sam’s shoes and is doing a great job. Welcome Nic.

In May we welcomed our new Board member, Louella Jury. Louella is a director of Homelands Property and brings to the Board experience in business and as a volunteer for a number of community organisations. I look forward to working with Louella in supporting our Huon Valley community.

I would especially like to reinforce the comments made in the Senior Manager and Branch Manager’s report with respect to our new Branch Manager at Geeveston and Dover. Sharee Burgess was appointed to the position in June following the departure of Phil Woolley. Sharee was one of our original staff when Geeveston and Dover opened in 2003. Not only is Sharee the Branch Manager but she also does a wonderful job as bookkeeper for Huon Valley Financial Services. Sharee’s appointment is a great example of the crucial need for us to continually grow our business and promote from within our own ranks. Our staff are our greatest asset and without them there would be no Community Banks in the Huon Valley.

Chairman's report (continued)

Total business of over $500 million and over $3 million returned to our community has only been achieved with the professionalism, energy, commitment and dedication of these wonderful people and I would like to acknowledge each and every one of these fantastic individuals.

Along with our staff, the role of our Directors cannot be overstated. Their commitment, on a totally voluntary basis, is outstanding. Then there are our Grants and Marketing Committee members – Pam Lane, Sally Doyle, Jillian Griggs, Ken Langston and Louella Jury. These folks are responsible, in addition to their Director's duties, for ensuring that the large number of applications that we receive each month for financial support are professionally assessed and recommendations made for giving back to the community the profits from our banking activities.

Critical also to the smooth running of the Board are our very special Secretary, David Walker, and Treasurer, Brent Hardy. Thank you both. And a big thank you to David Brereton as Chair of the Tasmanian State Marketing Committee that coordinates Community Bank marketing across Tasmania to ensure that collaborative marketing funds are spent wisely and consistently.

It is an honour and a privilege to be the Chairman of such an exceptional organisation and to be part of the wonderful family that is Huon Valley Financial Services Limited and our four Community Banks in Dover, Geeveston, Huonville and Cygnet.

Michael Lynch
Chairman

Senior Manager and Branch Managers' report

For year ending 30 June 2022

We have now completed our 19th full year of operation and we are extremely pleased to report that our business has continued to grow, with total business as of 30 June 2022 now standing at $522.881 million, with 14,466 accounts opened. This represents growth of $46.908 million (9.855%) and 822 accounts (6.025%) during the past 12 months.

Our Deposits totaled $235.227 million, our Lending Portfolio $280.748 million and Other Business $6.906 million.

These results only confirm the support of the community for 'their' Bank, which in turn enables our Community Bank Company to return profits back into the community for the benefit of all.

The continued positive manner in which Community Bank Huon Valley has been accepted and supported by people from both within and outside our immediate area has been beyond our expectations (and continues to amaze us) and only goes to show that there still is a need for good old fashioned, face-to-face banking services where you can build a relationship with your Bank.

We continue to generate regular monthly profits which are being distributed back into the community in many shapes and forms and it is this distribution of profits back to the community that gives us (the staff) a great deal of pride and satisfaction in the role that we play within Community Bank Huon Valley. Community contributions continue to grow, with well over $3 million having now been returned to the local community by way of Sponsorships, Donations and Grants.

The above results have not been achieved without a great deal of hard work, passion and dedication by a great team of staff and as such we would like to acknowledge and thank the following current staff for their efforts: Cate Swan, Michelle Doyle, Kerrie-Lyn O'Neill, Kelly Hankin, Narelle Gane, Tamara Jones, Claudia Pulko, Ellice Harvey, Sophie Brouwer, Shirley Kenna, Natalie Page, Steph Perry, Jason Mitchell, Austin Heald and Lindsay Pearce for their commitment and on-going support.

The 2021-22 Financial Year saw us navigate several staff resignations and also a significant amount of sick leave due to the COVID-19 pandemic.

We were unfortunate to lose the services of:

- Phil Woolley – After commencing with us as a Customer Service Officer in March 2014 and working his way up to being appointed as Branch Manager of Community Bank Geeveston and Dover in April 2020, Phil left us in November 2021 to take up a Mobile Relationship Managers position within the Bank. We would like to sincerely thank Phil for his contribution to Community Bank Huon Valley and wish him well in his new role.
- Cathy Thomson – As one of our original staff and after more than 18 years with us in a number of roles, Cathy decided to retire in October 2021. We would also like to sincerely thank Cathy for her contribution to Community Bank Huon Valley and wish her well in retirement.
- Chris Wood – After almost 11 years as a Customer Service Officer at our Geeveston and Dover branches, Chris announced her retirement in August 2021. We would also like to sincerely thank Chris for her contribution to Community Bank Huon Valley and wish her well in retirement.
- Jayde Smith – Jayde commenced a 12 month leave of absence in August 2021 and we look forward to her return in August 2022.

Managers' report (continued)

As one door closes another opens and we have been fortunate to gain the services of:

- Austin Heald – Austin joined us in September 2021 as a full-time Customer Service Officer at Community Bank Geeveston. This is a great opportunity for Austin to commence a banking career and we welcome him to our Community Bank Huon Valley team.
- Lindsay Pearce – Lindsay joined us on a 12 month contract in July 2021, having previously worked with the ANZ, and will be leaving us at the end of July 2022 following a family move to Queensland. We thank Lindsay for her commitment to our team and wish her all the best for the future.

With the departure of Phil Woolley as Branch Manager at Community Bank Geeveston and Dover, Sharee Burgess was good enough to sit in the chair as Acting Branch Manager and was formally appointed to the Branch Manager position in June 2022. Congratulations Sharee, a well-deserved appointment (it should be noted that Sharee is also one of our original staff).

Thanks to the Board of Directors for their support and guidance over the past 12 months. They are a passionate group of people who give freely of their own time, doing a thankless job for the benefit of the community. It is always an enjoyable experience to work with you as we continue to grow and expand the business together.

To the Bendigo and Adelaide Bank 'Team', especially our Regional Manager Martyn Neville, thank you for your continued support throughout the year, it truly is a pleasure to work with you. It is your contribution to the success of our Community Bank branches which ensures that the value of our partnership with Bendigo and Adelaide Bank Limited is maximised.

Finally, we wish to thank all of our customers and shareholders for their support and we trust that our personal service and commitment to the community will ensure the continued future success of Community Bank Geeveston, Dover, Huonville and Cygnet & District.

Tony Coulson **Senior Manager**	**Colleen Shield** **Branch Manager** **Huonville**	**Jo Milne** **Branch Manager** **Cygnet & District**	**Sharee Burgess** **Branch Manager** **Geeveston & Dover**

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Michael Anthony Lynch

Title:	Chair
Experience and expertise:	Michael is currently a small business owner. Retired Naval Officer, previously General Manager of an electronics manufacturing plant and General Manager of Tasmanian University Research Company, Head of Office: Tasmanian Greens, Director: Tasmanian Conservation Trust, Chairperson: Tasmanian Heritage Council, President: Tasmanian Conservation Trust.
Special responsibilities:	Chair, Governance

Brent Andrew Hardy

Title:	Non-executive director
Experience and expertise:	Brent has been the Divisional Manager and is presently the General manager of Duggans Pty Ltd. Previously Aust/Asian Logistics Manager for Erico Pty Ltd and director of the National Precast Association of Australia.
Special responsibilities:	Treasurer

Jillian Kay Griggs

Title:	Non-executive director
Experience and expertise:	Jillian is currently retired. Staff Representative on the Board of Huon District Hospital for 6 years, volunteer on kiosk of Huon Eldercare for 11 years. Secretary of Huonville Football Club Ladies Committee for 5 years. Previously on the Board of HVFS for over 2 years before being re-elected in 2010.
Special responsibilities:	Grants and Marketing Committee

David Allen Brereton

Title:	Non-executive director
Experience and expertise:	Five years in the banking sector, followed by 34 years employed in various Australian Government agencies, including Department of Social Security/Centrelink, Australian Antarctic Division and Australian Bureau of Statistics. Retired from the public sector in 2012. Since 2013, has worked as an International Consultant with the Food and Agriculture Organisation of the United Nations (FAO), working in the Asia-Pacific region. Currently a Community member on the Chinese Medicine Board of Australia. Involved in various Huon Valley community, school and sporting groups/clubs, including holding various executive positions.
Special responsibilities:	Deputy Chair, Board representative of Tasmanian Community Bank State Marketing Committee and State representative on the National Marketing Committee.

Directors (continued)

Sally Ann Doyle

Title:	Non-executive director
Experience and expertise:	Sally is a director of their own company. Qualified Teachers Aid, Secretary of L&S Doyle Pty Ltd, Acting Mayor of Huon Valley Council, Community Liaison for Geeveston Cares and a Member of the Tasmanian Forest Workers Memorial.
Special responsibilities:	Grants and Marketing Committee

Pamela Maree Lane

Title:	Non-executive director
Experience and expertise:	Pamela is small business owner. Over 30 years working in education as a teacher, Assistant Principal and Principal. Leader in both the NSW and Tasmanian education systems. Developed and implemented a number of significant educational programs both statewide and regionally. Member of the initial committee overseeing the development of the Huon Valley Trade Training Centre. Co-Leader of overseas trips to support education and health programs across S.E. Asia. Developed and implemented numerous health and wellbeing and employment training programs/ initiatives for the Huon Valley community.
Special responsibilities:	Chair of Grants and Marketing Committee

David Lindsay Walker

Title:	Non-executive director
Experience and expertise:	Qualified accountant, former executive director, chief financial officer and company secretary of a large public group of companies. Extensive experience in the management and oversight of all the financial aspects of a company's operations and strategy.
Special responsibilities:	Secretary

Kenneth Norman Langston

Title:	Non-executive director
Experience and expertise:	Kenneth has been employed for the last seven years as the Head of Sector Engagement, Bendigo Bank. Before taking on this role he was the CEO of Steps Ltd (Tasmania) for 14 years prior. Kenneth has a Bachelor of Arts and a Graduate Certificate of Social Science.
Special responsibilities:	Grants and Marketing Committee

Louella Maree Jury

Title:	Non-executive director (appointed 4 May 2022)
Experience and expertise:	Managing Director of Homelands Property since 2008, holds a Graduate Diploma in Property. Studied a Bachelor of Education at UTAS. Louella is also a Conductor of LA Community Choir since 2009 and also has been a musical director at a youth program in Huon Valley for 10 years. Louella manages a short term accommodation business in Huon Valley.
Special responsibilities:	Grants and Marketing Committee

Company secretary

The company secretary is David Walker. David was appointed to the position of secretary on 1 January 2017.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to $353,305 (30 June 2021: $354,577).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 $
Fully franked dividend of 8.8 cents per share (2021: 7.4 cents)	168,432

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

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

Meetings of directors

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

	Board		Grants & Marketing Committee	
	Eligible	Attended	Eligible	Attended
Michael Anthony Lynch	12	12	-	-
Brent Andrew Hardy	12	9	-	-
Jillian Kay Griggs	12	11	12	11
David Allen Brereton	12	9	-	-
Sally Ann Doyle	12	9	12	7
Pamela Maree Lane	12	11	12	11
David Lindsay Walker	12	12	-	-
Kenneth Norman Langston	12	7	12	4
Louella Maree Jury (appointed 4 May 2022)	1	-	1	1

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 26 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year $	Changes $	Balance at the end of the year $
Michael Anthony Lynch	-	-	-
Brent Andrew Hardy	-	-	-
Jillian Kay Griggs	6,000	-	6,000
David Allen Brereton	20,000	-	20,000
Sally Ann Doyle	2,000	-	2,000
Pamela Maree Lane	-	-	-
David Lindsay Walker	-	-	-
Kenneth Norman Langston	-	-	-
Louella Maree Jury	-	-	-

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor’s expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 28 to the accounts.

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

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

Auditor’s independence declaration

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

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

On behalf of the directors

Michael Anthony Lynch
Chair

28 September 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Huon Valley Financial Services Limited

As lead auditor for the audit of Huon Valley Financial Services Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 September 2022

Joshua Griffin
Lead Auditor

Financial statements

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

	Note	2022 $	2021 $
Revenue from contracts with customers	6	3,126,546	3,076,193
Other revenue	7	33,255	143,664
Finance revenue		2,006	6,890
Employee benefits expense	8	(1,641,376)	(1,647,643)
Advertising and marketing costs		(15,552)	(11,135)
Occupancy and associated costs		(102,330)	(96,287)
System costs		(107,718)	(109,613)
Depreciation and amortisation expense	8	(178,141)	(180,806)
Finance costs	8	(70,543)	(73,675)
General administration expenses		(279,436)	(265,114)
Profit before community contributions and income tax expense		**766,711**	**842,474**
Charitable donations and sponsorships expense		(294,410)	(366,908)
Profit before income tax expense		**472,301**	**475,566**
Income tax expense	9	(118,996)	(120,989)
Profit after income tax expense for the year	**22**	**353,305**	**354,577**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**353,305**	**354,577**
		Cents	**Cents**
Basic earnings per share	30	18.46	18.53
Diluted earnings per share	30	18.46	18.53

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

Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	668,595	1,185,280
Trade and other receivables	11	358,680	269,663
Total current assets		**1,027,275**	**1,454,943**
Non-current assets			
Financial assets	14	2,000	2,000
Property, plant and equipment	12	1,168,321	295,802
Right-of-use assets	13	980,599	1,028,272
Intangibles	15	136,753	159,062
Deferred tax assets	9	155,358	152,719
Total non-current assets		**2,443,031**	**1,637,855**
Total assets		**3,470,306**	**3,092,798**
Liabilities			
Current liabilities			
Trade and other payables	16	152,496	135,051
Borrowings	17	19,569	-
Lease liabilities	18	111,236	108,453
Current tax liabilities	9	71,466	73,285
Employee benefits	19	275,321	306,516
Total current liabilities		**630,088**	**623,305**
Non-current liabilities			
Trade and other payables	16	80,756	121,134
Borrowings	17	275,621	-
Lease liabilities	18	1,121,679	1,187,594
Employee benefits	19	37,400	42,338
Provisions	20	73,859	52,397
Total non-current liabilities		**1,589,315**	**1,403,463**
Total liabilities		**2,219,403**	**2,026,768**
Net assets		**1,250,903**	**1,066,030**
Equity			
Issued capital	21	1,166,334	1,166,334
Retained earnings/(accumulated losses)	22	84,569	(100,304)
Total equity		**1,250,903**	**1,066,030**

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		1,166,334	(313,245)	853,089
Profit after income tax expense		-	354,577	354,577
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	354,577	354,577
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	24	-	(141,636)	(141,636)
Balance at 30 June 2021		**1,166,334**	**(100,304)**	**1,066,030**
Balance at 1 July 2021		1,166,334	(100,304)	1,066,030
Profit after income tax expense		-	353,305	353,305
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	353,305	353,305
Transactions with owners in their capacity as owners:				
Dividends provided for	24	-	(168,432)	(168,432)
Balance at 30 June 2022		**1,166,334**	**84,569**	**1,250,903**

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

Statement of Cash Flows
for the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,386,570	3,470,054
Payments to suppliers and employees (inclusive of GST)		(2,756,992)	(2,697,885)
		629,578	772,169
Dividends received		-	25
Interest received		2,006	6,846
Interest and other finance costs paid		(3,298)	-
Income taxes paid		(123,454)	(68,393)
Net cash provided by operating activities	**29**	**504,832**	**710,647**
Cash flows from investing activities			
Payments for property, plant and equipment	12	(939,812)	(10,345)
Payments for intangibles		(36,707)	(36,707)
Net cash used in investing activities		**(976,519)**	**(47,052)**
Cash flows from financing activities			
Proceeds from borrowings	17	300,000	-
Repayment of borrowings		(4,810)	-
Dividends paid	24	(168,432)	(141,636)
Repayment of lease liabilities	18	(171,756)	(189,790)
Net cash used in financing activities		**(44,998)**	**(331,426)**
Net increase/(decrease) in cash and cash equivalents		(516,685)	332,169
Cash and cash equivalents at the beginning of the financial year		1,185,280	853,111
Cash and cash equivalents at the end of the financial year	**10**	**668,595**	**1,185,280**

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

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

The financial statements cover Huon Valley Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is the company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 2/11 Main Street, Huonville TAS 7109.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Note 3. Significant accounting policies (continued)

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

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

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

Estimation of useful lives of assets

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

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

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

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

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

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

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

Note 5. Economic dependency (continued)

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin revenue	2,711,592	2,675,603
Fee revenue	248,899	252,571
Commission revenue	166,055	148,019
Revenue from contracts with customers	**3,126,546**	**3,076,193**

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that revenue 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 revenue when the company's right to receive the payment is established.

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

Revenue calculation

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

Margin revenue

Margin is arrived at through the following calculation:

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

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

Commission revenue

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

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

Fee revenue

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Net gain on disposal of property, plant and equipment	-	6,364
Net gain on disposal of right-of-use asset	-	53,733
Market development fund	30,000	46,042
Cash flow boost	-	37,500
Dividend and distribution income	35	25
Rental income	3,220	-
Other revenue	**33,255**	**143,664**

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Rental income	Rental income from owned investment properties, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount. All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Buildings	3,144	-
Leasehold improvements	32,671	34,459
Plant and equipment	7,107	7,545
Furniture and fittings	2,395	-
	45,317	**42,004**
Depreciation of right-of-use assets		
Leased land and buildings	101,471	88,877
Leased motor vehicles	9,044	9,044
	110,515	**97,921**
Amortisation of intangible assets		
Franchise fee	6,478	6,928
Franchise renewal fee	15,831	33,953
	22,309	**40,881**
	178,141	**180,806**

Finance costs

	2022 $	2021 $
Bank loan interest paid or accrued	3,298	-
Lease interest expense	62,983	69,003
Unwinding of make-good provision	3,220	3,230
Motor Vehicle lease interest expense	1,042	1,442
	70,543	**73,675**

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	1,424,576	1,391,589
Non-cash benefits	7,440	11,882
Superannuation contributions	142,854	128,154
Expenses related to long service leave	(2,128)	20,853
Other expenses	68,634	95,165
	1,641,376	**1,647,643**

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**44,669**	**44,673**

Note 8. Expenses (continued)

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	121,635	125,461
Movement in deferred tax	(2,639)	(10,581)
Reduction in company tax rate	-	6,109
Aggregate income tax expense	**118,996**	**120,989**
Prima facie income tax reconciliation		
Profit before income tax expense	472,301	475,566
Tax at the statutory tax rate of 25% (2021: 26%)	118,075	123,647
Tax effect of:		
Non-deductible expenses	921	984
Reduction in company tax rate	-	6,109
Other assessable income	-	(9,751)
Income tax expense	**118,996**	**120,989**

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(17,031)	(19,714)
Employee benefits	90,476	92,794
Lease liabilities	302,110	314,853
Provision for lease make good	18,465	13,099
Income accruals	(209)	(202)
Right-of-use assets	(238,453)	(248,111)
Deferred tax asset	**155,358**	**152,719**

	2022 $	2021 $
Provision for income tax	**71,466**	**73,285**

Accounting policy for income tax

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

Accounting policy for current tax

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

Note 9. Income tax (continued)

Accounting policy for deferred tax

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	161,761	680,173
Term deposits	506,834	505,107
	668,595	**1,185,280**

Accounting policy for cash and cash equivalents

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

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	275,719	247,192
Loan receivables	50,000	-
Other receivables and accruals	11,000	11,000
Accrued income	831	810
Prepayments	21,130	10,661
	358,680	**269,663**

Loan receivable

The Company and the borrower agreed to loan of up to $200,000, to be advanced to the borrower as and when needed to fund the construction of a dwelling. The loan shall be repayable by 31 December 2022 or on sale of the property, whichever occurs first. The loan shall be interest free up to and including 31 December 2022 but any principal outstanding after 31 December 2022 shall bear interest at a rate of 4% per annum.

Accounting policy for trade and other receivables

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Land - at cost	497,720	-
Buildings - at cost	211,834	-
Less: Accumulated depreciation	(3,144)	-
	208,690	**-**
Leasehold improvements - at cost	665,123	522,460
Less: Accumulated depreciation	(275,114)	(257,202)
	390,009	**265,258**
Plant and equipment - at cost	261,270	239,050
Less: Accumulated depreciation	(215,613)	(208,506)
	45,657	**30,544**
Fixtures and fittings - at cost	28,640	-
Less: Accumulated depreciation	(2,395)	-
	26,245	**-**
	1,168,321	**295,802**

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

	Land $	Buildings $	Leasehold improvements $	Plant and equipment $	Fixtures and fittings $	Total $
Balance at 1 July 2020	-	-	299,159	28,302	-	327,461
Additions	-	-	558	9,787	-	10,345
Depreciation	-	-	(34,459)	(7,545)	-	(42,004)
Balance at 30 June 2021	**-**	**-**	**265,258**	**30,544**	**-**	**295,802**
Additions	497,720	211,834	179,398	22,220	28,640	939,812
Disposals	-	-	(21,976)	-	-	(21,976)
Depreciation	-	(3,144)	(32,671)	(7,107)	(2,395)	(45,317)
Balance at 30 June 2022	**497,720**	**208,690**	**390,009**	**45,657**	**26,245**	**1,168,321**

Accounting policy for property, plant and equipment

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

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

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

Buildings	32 years
Leasehold Improvements	4 to 40 years
Plant and equipment	1 to 40 years
Fixtures and fittings	1 to 15 years
Motor Vehicles	5 years

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

Note 12. Property, plant and equipment (continued)

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

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

Changes in estimates

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

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	1,736,293	1,719,687
Less: Accumulated depreciation	(782,480)	(727,245)
	953,813	**992,442**
Motor vehicles - right-of-use	45,221	45,221
Less: Accumulated depreciation	(18,435)	(9,391)
	26,786	**35,830**
	980,599	**1,028,272**

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

	Land and buildings $	Motor vehicles $	Total $
Balance at 1 July 2020	963,904	44,874	1,008,778
Remeasurement adjustments	117,415	-	117,415
Depreciation expense	(88,877)	(9,044)	(97,921)
Balance at 30 June 2021	**992,442**	**35,830**	**1,028,272**
Remeasurement adjustments	62,842	-	62,842
Depreciation expense	(101,471)	(9,044)	(110,515)
Balance at 30 June 2022	**953,813**	**26,786**	**980,599**

Accounting policy for right-of-use assets

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

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

Refer to note 18 for more information on lease arrangements.

Note 14. Financial assets

	2022 $	2021 $
Shares in unlisted public companies	**2,000**	**2,000**

Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Note 15. Intangibles

	2022 $	2021 $
Franchise fee	145,161	145,161
Less: Accumulated amortisation	(123,569)	(117,091)
	21,592	**28,070**
Franchise renewal fee	482,954	482,954
Less: Accumulated amortisation	(367,793)	(351,962)
	115,161	**130,992**
	136,753	**159,062**

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	2,612	13,798	16,410
Additions	32,386	151,147	183,533
Amortisation expense	(6,928)	(33,953)	(40,881)
Balance at 30 June 2021	**28,070**	**130,992**	**159,062**
Amortisation expense	(6,478)	(15,831)	(22,309)
Balance at 30 June 2022	**21,592**	**115,161**	**136,753**

Additions

During the previous financial year, Geeveston, Dover, Huonville and Cygnet franchise fees were renewed. All are being amortised over five years to November 2025.

Accounting policy for intangible assets

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

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

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

Note 15. Intangibles (continued)

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	November 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2025

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

Change in estimates

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	97	369
Other payables and accruals	152,399	134,682
	152,496	**135,051**
Non-current liabilities		
Other payables and accruals	**80,756**	**121,134**

Accounting policy for trade and other payables

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

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

Note 17. Borrowings

	2022 $	2021 $
Current liabilities		
Bank loans	**19,569**	**-**
Non-current liabilities		
Bank loans	**275,621**	**-**

During the current financial year the company was approved for a $300,000 Loan by Bendigo Bank to support the community housing project (Jireh House). The current balance of the loan as at balance date was $295,190. Please see note 12 for more information.

Bank loans

Bank loans are repayable monthly with the final instalment due on January 2027. Interest is recognised at rate of 3.3%. The loans are secured by a fixed and floating charge over the company's assets.

Accounting policy for borrowings

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

Note 18. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	158,310	158,370
Unexpired interest	(59,648)	(62,077)
Motor vehicle lease liabilities	13,202	13,202
Unexpired interest	(628)	(1,042)
	111,236	**108,453**
Non-current liabilities		
Land and buildings lease liabilities	1,370,063	1,511,509
Unexpired interest	(260,286)	(348,390)
Motor vehicle lease liabilities	12,102	25,303
Unexpired interest	(200)	(828)
	1,121,679	**1,187,594**

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	1,296,047	1,342,424
Additional lease liabilities recognised	-	184,685
Remeasurement adjustments	44,599	(111,717)
Lease interest expense	64,025	70,445
Lease payments - total cash outflow	(171,756)	(189,790)
	1,232,915	**1,296,047**

Maturity analysis

	2022 $	2021 $
Not later than 12 months	171,512	171,572
Between 12 months and 5 years	678,835	671,319
Greater than 5 years	703,330	865,493
	1,553,677	**1,708,384**

Accounting policy for lease liabilities

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

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

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

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

Note 18. Lease liabilities (continued)

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

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

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

The company's lease portfolio includes:

Huonville Branch	The lease agreement commenced in August 2010. A 9 year renewal option was exercised in August 2016. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is July 2030. The discount rate used in calculations is 5.39%.
Dover Branch	The lease agreement commenced in May 2003. A 5 year renewal option was exercised in May 2018. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is May 2028. The discount rate used in calculations is 5.39%.
Geeveston Branch	The lease agreement commenced in May 2018 for 5 years. The company has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is May 2033. The discount rate used in calculations is 5.39%.
Cygnet Branch	The lease agreement commenced in August 2013. A 5 year renewal option was exercised in August 2018. The company has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is August 2033. The discount rate used in calculations is 5.39%.
Boardroom	The lease agreement commenced in June 2012. A 5 year renewal option was exercised in June 2020, however during the financial year the company organised a Deed of Surrender whereby the lease was terminated in November 2021. As such, the lease term end date used in the calculation of the lease liability was November 2021. The discount rate used in calculations is 3.54%.
Huonville Shop 2	The lease agreement commenced in June 2021 for 9 years. The company has 1 x 9 year renewal option available which for AASB 16: Leases purposes they are not reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is July 2030. The discount rate used in calculations is 3.54%.
Motor vehicle	The lease agreement commenced June 2020 for a non-cancellable term of 4 years. The discount rate used in calculations is 3.54%.

Note 19. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	82,560	112,572
Long service leave	144,651	145,048
Personal leave	48,110	48,896
	275,321	**306,516**
Non-current liabilities		
Long service leave	**37,400**	**42,338**

Note 19. Employee benefits (continued)

Accounting policy for employee benefits

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

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

Superannuation contributions

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

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating personal leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating personal leave is expensed to profit or loss when incurred.

Other long-term employee benefits

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

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

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

Note 20. Provisions

	2022 $	2021 $
Lease make good	**73,859**	**52,397**

Lease make good

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

Lease	Lease term expiry date per AASB 16	Estimated provisions
Huonville Branch	August 2030	$30,000
Dover Branch	May 2028	$15,000
Geeveston Branch	May 2033	$15,000
Cygnet Branch	August 2033	$30,000
Huonville - Shop 2	June 2030	$25,000

Note 20. Provisions (continued)

Accounting policy for provisions

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

Note 21. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	1,282,000	1,282,000	1,282,000	1,282,000
Bonus shares - fully paid	632,000	632,000	-	-
Less: Equity raising costs	-	-	(115,666)	(115,666)
	1,914,000	**1,914,000**	**1,166,334**	**1,166,334**

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Note 21. Issued capital (continued)

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

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

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

Note 22. Retained earnings/(accumulated losses)

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(100,304)	(313,245)
Profit after income tax expense for the year	353,305	354,577
Dividends paid (note 24)	(168,432)	(141,636)
Retained earnings/(accumulated losses) at the end of the financial year	**84,569**	**(100,304)**

Note 23. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 24. Dividends

Dividends provided for and paid during the period

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

	2022 $	2021 $
Fully franked dividend of 8.8 cents per share (2021: 7.4 cents)	**168,432**	**141,636**

	2022 $	2021 $
Franking account balance at the beginning of the financial year	119,867	101,238
Franking credits arising from income taxes paid	123,454	68,393
Franking debits from the payment of franked distributions	(56,144)	(49,764)
	187,177	**119,867**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	187,177	119,867
Franking credits that will arise from payment of income tax	71,466	73,285
Franking credits available for future reporting periods	**258,643**	**193,152**

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 25. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	287,550	259,002
Cash and cash equivalents	668,595	1,185,280
Financial assets	2,000	2,000
	958,145	**1,446,282**
Financial liabilities		
Trade and other payables	233,252	256,185
Lease liabilities	1,232,915	1,296,047
Bank loans	295,190	-
	1,761,357	**1,552,232**

Accounting policy for financial instruments

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

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

Note 25. Financial instruments (continued)

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

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

Financial risk management

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

Market risk

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

Price risk

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

Cash flow and fair value interest rate risk

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

The company held cash and cash equivalents of $668,595 at 30 June 2022 (2021: $1,185,280). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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

	2022		2021	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank loans	3.43%	295,190	-	-
Net exposure to cash flow interest rate risk		**295,190**		**-**

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

Credit risk

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

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

Liquidity risk

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

Note 25. Financial instruments (continued)

Exposure to liquidity risk

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	19,569	78,276	197,345	295,190
Trade and other payables	152,496	80,756	-	233,252
Lease liabilities	171,512	678,835	703,330	1,553,677
Total non-derivatives	**343,577**	**837,867**	**900,675**	**2,082,119**

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	135,051	121,134	-	256,185
Lease liabilities	171,572	671,319	865,493	1,708,384
Total non-derivatives	**306,623**	**792,453**	**865,493**	**1,964,569**

Note 26. Key management personnel disclosures

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

Michael Anthony Lynch
Brent Andrew Hardy
Jillian Kay Griggs
David Allen Brereton
Sally Ann Doyle
Pamela Maree Lane
David Lindsay Walker
Kenneth Norman Langston
Louella Maree Jury (appointed 4 May 2022)

Compensation

Key management personnel compensation comprised the following.

	2022 $	2021 $
Short-term employee benefits	11,243	8,841
Post-employment benefits	1,017	840
	12,260	**9,681**

Note 27. Related party transactions

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

Note 28. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	6,600	6,400
Other services		
Taxation advice and tax compliance services	1,325	1,300
General advisory services	4,700	3,350
Share registry services	7,852	6,108
	13,877	**10,758**
	20,477	**17,158**

Note 29. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	353,305	354,577
Adjustments for:		
Depreciation and amortisation	178,141	180,806
Net loss on disposal of non-current assets	21,976	-
Lease liabilities interest	64,025	70,445
Change in operating assets and liabilities:		
Increase in trade and other receivables	(89,017)	(19,689)
Increase in deferred tax assets	(2,639)	(4,472)
Increase/(decrease) in trade and other payables	13,774	(11,535)
Decrease in provision for income tax	(1,819)	-
Increase in deferred tax liabilities	-	57,068
Increase/(decrease) in employee benefits	(36,133)	89,502
Increase/(decrease) in other provisions	3,219	(6,055)
Net cash provided by operating activities	**504,832**	**710,647**

Note 30. Earnings per share

	2022 $	2021 $
Profit after income tax	353,305	354,577
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,914,000	1,914,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,914,000	1,914,000
	Cents	Cents
Basic earnings per share	18.46	18.53
Diluted earnings per share	18.46	18.53

Note 30. Earnings per share (continued)

Accounting policy for earnings per share

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

Note 31. Commitments

The company has entered into a contract with Cygnet Football Club and committed to provide a $200,000 loan for the construction of a dwelling. The loan currently has $150,000 to draw upon if needed. For more information please see note 11.

Note 32. Contingencies

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

Note 33. Events after the reporting period

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Michael Anthony Lynch
Chair

28 September 2022

Independent audit report

61 Bull Street
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Independent auditor's report to the Directors of Huon Valley Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

- Statement of financial position as at 30 June 2021
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Huon Valley Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 September 2022

Joshua Griffin
Lead Auditor

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Bendigo Bank