Annual Report 2022

Kyabram & District Community Limited

Community Bank
Kyabram & District

ABN 79 605 600 217

Contents

Contact Us

Kyabram & District Community Limited
ABN 79 605 600 217

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Franchisee: Kyabram & District Community Limited
Shop 1/171 Allan Street, Kyabram VIC 3620
Phone: (03) 5852 3099 Fax: (03) 5852 3100
ABN: 79 605 600 217

Share Registry:
AFS & Associates Bendigo

www.bendigobank.com.au/branch/vic/community-bank-kyabram-district/
www.facebook.com/communitybankkyabramdistrict

Chair's Report

As I present my first report after taking over the Chair role in 2022 a huge thank you goes to our inaugural Chair Vince Curtis for all the time, effort and commitment he put into the Community Bank. Starting with leading the steering committee all the way through to Chairing the Board for 5 years. There are not enough words to describe what he has achieved for our board and the local community over this time. It is great to still have him on board with his knowledge and heading up our sponsorship committee.

There has also been some movement in our staff, Faith Monnich was appointed during the year as our new Branch Manager with her prior experience in community banking Faith will be a great additional to our team. I would like to thank Ben Langley for all his work as our first Manager and his knowledge and assistance to the board, staff and customers over this time and wish him well with the new role he has taken within the bank, and Judy Sperling who retired, we all miss her service at the counter and wish her all the best with her future.

This year has seen Covid lockdowns reduced, and we all started to get back to what was seen as normal. It has been a challenging time for all businesses in our region, but our community bank has prospered over this time. Banking services in town were reduced as banks continued to remove their presence operate on significantly reduced hours of service. This allowed us to be well placed to capitalise on this opportunity with the tremendous skills of our staff, and as a result, continue to grow both our deposit and lending book.

Our cash position continues to remain very strong, and this has allowed us to make some significant investments in our local community including the Scholarships for local students entering tertiary education ($10,000) the Fauna Park regeneration and Meerkat enclosure ($40,000 in conjunction with the Ky Club) Taste & Tunes Town Function, ($10,000) and the renovation project at Ky Parklands golf club ($25,000) to support a new multi purpose facility for wider community use.

Our challenge this year will be to continue to look for opportunities for a share of what could be a smaller consumer lending market as property sales decline and prices reduce but to also expand our business in other areas that we haven't made much headway such as the business and rural markets. An upside is with interest rates increasing the margin we make off our products will see an increase in income.

Thank you so much to our Board for your commitment and support, especially Dale & David for taking on the Deputy Chair positions and splitting of the Chair's tasks between us. I would also like to thank our retiring board members Chris Hunter and Michael McQueen-Thomson for their commitment and welcome our new Board members, Donna Mulchay, Kate Hince and Lisa McPherson who all bring a new set of skills to our board.

Finally, on behalf of the board thanks to all our great staff for all their hard work over COVID times and beyond, shareholders for your ongoing support, and to all our customers as without everyone working as a team, this wonderful local business does not operate.

Brent Sutton
Chair

Manager's report

I would personally like to thank Ben for the tremendous job he has done in taking this branch from humble beginnings 6 years ago, to the successful Community Bank it is today.

The future of banking and our customers' needs are changing at a rapid pace, and we too are having to adapt and evolve the way that we do business. We have recently changed our opening hours to allow our staff adequate time to work on their own development, and to reach out to those customers we no longer see walking through our branch doors. This has been well received and a big value add for our business.

With rising interest rates, the next 12 months will certainly present us with some challenges. However, we are well equipped to tackle these head on and remain committed to providing a high level of service to our customers, growing our business, and investing in our community.

I feel privileged to have been handed the reigns here at Community Bank Kyabram & District and look forward to working for and with you all into the future.

Faith Monnich
Kyabram & District
Branch Manager

Outgoing Manager's Report

It is with a tinge of sadness that I write my final Managers Report for Community Bank Kyabram & District.

It was another financial year that presented some challenges, as we continued to navigate through the lingering impacts of COVID-19. We also continued to deal with a low interest rate environment, that placed pressure on our margins. The banking industry now faces an environment where interest rates are increasing, and competition for customers is sure to be competitive. Therefore, the Community Bank point of difference needs to be continually told.

Despite this, we finished the financial year in a good position with total business on the books of $123 Million. We also continued to increase our customer numbers and accounts, with more customers choosing Community Bank Kyabram & District as their bank of choice.

From a community perspective, we provided much needed funding to local community groups via sponsorships and grants. This is the rewarding part of the business, and we can only do this with the support of our customers who choose to bank with Community Bank Kyabram & District.

On a final note, I wish to take this opportunity to thank the wonderful staff and board who supported me throughout my tenure as Branch Manager. I also wish all the success to the new Branch Manager, Faith Monnich, as she embarks on her journey with Community Bank Kyabram & District.

Ben Langley
Outgoing Branch Manager.

Kyabram & District Community Limited

ABN: 79 605 600 217

Financial Report

For the year ended
30 June 2022

Directors' Report

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:

Brent John Sutton
Chair

Experience and expertise: Brent is a Chartered Accountant, Registered Tax Agent and ASIC Registered Self Managed Super Fund Auditor. He also has achieved a bachelor of Business (Accounting) and is the current Treasurer at Kyabram Northern Oval Committee of Management and the Stanhope Football Netball Club Inc. Brent is also the Owners Corp Manager - Aldersyde Estate Owners Corp and the past President - Kyabram Junior Football Club & Kyabram U16 Football Committee.

Special responsibilities: Finance Committee & Sponsorship Committee.

Dale Phillip Denham
Non-executive director

Experience and expertise: Holds an Associate Diploma of Civil Engineering. Manager/owner of a building design business and a Registered Building Practitioner in Victoria. Present director of Kyabram District Health Service and committee member of Kyabram Development Group, past member of Kyabram P-12 College.

Special responsibilities: Marketing and Sponsorship Committee.

Rory John Kerr
Non-executive director

Experience and expertise: Rory holds a Bachelor of Pharmacy from Monash University and owns a local pharmacy. He is also a company director and Justice of the Peace. Rory was a member of the Kyabram Community Bank Steering Committee.

Special responsibilities: Nil.

Vincent Anthony Curtis
Non-executive director

Experience and expertise: Holds a Bachelor of Economics (Business) from Monash University. 10 years as a manager of Abbeu Funerals in Melbourne, 15 years as a franchisee of Bakers Delight Kyabram. Vincent is also a past President of Rotary Club of Bundoora.

Special responsibilities: Marketing and Sponsorship Committee.

Ian Thomas Hamono
Non-executive director

Experience and expertise: Holds a Bachelor of Engineering (Mech). Operates an intensive summer and winter cropping business. Horticulture/landscaping trainer. Retired professional engineer and past school councillor.

Special responsibilities: Finance Committee, Governance Committee.

David James Blake
Non-executive director

Experience and expertise: Indentured fitter and machinist (15 years Melbourne & Metropolitan Board, 27 years KY General Engineering). Life member of APEX Australia. Current director of Kyabram Club, past President and member of Dawes Road School Council.

Special responsibilities: Marketing and Sponsorship Committee.

Directors' report (continued)

John De Girolamo
Non-executive director

Experience and expertise: Holds a Bachelor of Business Studies (Accounting). 30 years experience in the water industry in various accounting and managerial roles.

Special responsibilities: Finance Committee.

Donna Beverley Mulcahy (appointed 30 May 2022)
Non-executive director

Experience and expertise: General Manager at Water Partners (Aust) Ltd a registered Not for Profit organisation based in Kyabram. Board Director and Vice Chair from 2018-2022 at Kyabram & District Health. HR Manager at Rich River Golf Club. Remuneration & Benefits Manager at Metropolitan Fire Brigade 2015-2018. Acting Human Resources Director at Metropolitan Fire Brigade 2016-2017. Business Manager at Kyabram Community & Learning Centre 2015. MAICD, Certified Payroll Specialist, Mentor.

Emma-Kate Hince (appointed 30 May 2022)
Non-executive director

Experience and expertise: Emma-Kate has experience as an assistant Project manager at Northern Construction Group, Shipping and Export Officer at Goulburn Valley Creamery and Resort & Spa Manager at ClubMulwala. She also volunteers at Campaspe Animal Shelter. She has an Advanced Diploma in Beauty Therapy and Advanced Diploma in Hospitality Management and HR.

Lisa Maree McPherson (appointed 30 May 2022)
Non-executive director

Experience and expertise: Certified Financial Planner since 2000 licensed for Investment strategies including gearing and savings plans, Budget and cash flow planning, Superannuation advice, including salary sacrifice and consolidation strategies, Self-Managed Super Funds (SMSF), Personal insurance strategies, Centrelink / DVA advice, Retirement planning advice, Aged Care, Advice on ownership and structures (e.g. discretionary and family trusts), Portfolio review services, Ongoing advisory services and Listed Securities. Master of Financial Planning 2006, Financial Planning Association of Australia (FPA) member, Director Lifestyle Financial Planning Services (2) Pty Ltd (2011-2021), Director Harvest Wealth Pty Ltd (2021 – present), General Committee member – Kyabram Swimming Club (2018 till present). Previous Bank Employee at ANZ and Macquarie Bank.

Special responsibilities: Nil

Christopher Neil Hunter (resigned 25 January 2022)
Non-executive director

Experience and expertise: Senior Motor Mechanic for 6 years, a Dairy Farmer for 40 years and a Primary School CRE teacher for 26 years. Christopher is currently working as an Agistment Farmer/Grazier for the past 6 years. He has been involved with the Youth Leadership Uniting Church for 12 years and other senior leadership responsibilities at the church for 20 years.

John Francis Michael McQueen Thomson
(resigned 30 May 2022)
Non-executive director

Experience and expertise: Property developer and investor, company director. Chairman of Kyabram Squash Club, committee member of Kyabram Football Club, and committee member of Kyabram Salami Muster.

Special responsibilities: Marketing and Sponsorship Committee.

Directors' report (continued)

Company Secretary

The Company secretary is Michelle Louise Baker. Michelle was appointed to the position of Company secretary on 29 November 2016.

Experience and expertise: Michelle is an experienced bookkeeper and holds a Bachelor of Arts and an Advanced Diploma of Business (Marketing).

Principal activity

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

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

Review of operations

The loss for the company after providing for income tax amounted to $11,218 (30 June 2021: $91,564).

Operations have continued to perform in line with expectations.

Dividends

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

	Cents per share	2022 $
Unfranked dividend	5	42,718

(2021: 2 cents)

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.

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.

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.

Directors' report (continued)

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 Meetings		Marketing & Sponsorship Committee		Finance and Audit Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Vincent Anthony Curtis	11	11	-	-	1	1
Ian Thomas	11	8	-	-	-	-
Dale Phillip Denham	11	11	5	5	-	-
Rory John Kerr	11	5	5	4	-	-
John De Girolamo	11	11	-	-	1	1
Brent John Sutton	11	10	5	4	-	-
David James Blake	11	11	-	-	-	-
Donna Beverley Mulcahy	1	1	-	-	-	-
Lisa Maree McPherson	1	-	-	-	-	-
Emma-Kate Hince	1	1	-	-	-	-
John Francis Michael McQueen Thomson	10	8	5	4	-	-
Christopher Neil Hunter	1	1	-	-	-	-

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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.

Directors' report (continued)

Directors' interests

The interest in company shareholdings for each director are:

	Fully paid ordinary shares		
	Balance at the start of the year	Changes during the year	Balance at the end of the year
Vincent Anthony Curtis	25,502	-	25,502
Ian Thomas	5,001	-	5,001
Dale Phillip Denham	501	-	501
Rory John Kerr	10,001	-	10,001
John De Girolamo	2,501	-	2,501
Brent John Sutton	16,001	-	16,001
David James Blake	4,001	-	4,001
Donna Beverley Mulcahy	-	-	-
Lisa Maree McPherson	-	-	-
Emma-Kate Hince	-	-	-
John Francis Michael McQueen Thomson	5,001	-	5,001
Christopher Neil Hunter	10,000	-	10,000

Non audit services

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

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

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

Directors' report (continued)

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

Alexandra Barton Anning
Chair

16 October 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 Kyabram & District Community Limited

As lead auditor for the audit of Kyabram & District Community 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: 19 September 2022

Adrian Downing
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	652,875	548,308
Other revenue	7	15,000	33,985
Finance revenue		133	681
Employee benefits expense	8	(433,949)	(396,242)
Advertising and marketing costs		(6,437)	(12,462)
Occupancy and associated costs		(14,229)	(12,863)
System costs		(39,953)	(43,148)
Depreciation and amortisation expense	8	(59,400)	(69,149)
Impairment of assets	8	-	(39,273)
Finance costs	8	(10,329)	(9,502)
General administration expenses		(58,487)	(52,346)
Profit/(loss) before community contributions and income tax bene		45,224	(52,011)
Charitable donations and sponsorships expense		(60,181)	(46,447)
Loss before income tax benefit		(14,957)	(98,458)
Income tax benefit	9	3,739	6,894
Loss after income tax benefit for the year	19	(11,218)	(91,564)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(11,218)	(91,564)
		Cents	**Cents**
Basic earnings per share	26	(1.31)	(10.72)
Diluted earnings per share	26	(1.31)	(10.72)

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

Financial statements (continued)

Statement of Financial Position

As at June 30 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	154,408	159,547
Trade and other receivables	11	68,492	46,680
Total current assets		222,900	206,227
Non-current assets			
Property, plant and equipment	12	69,563	94,662
Right-of-use assets	13	188,059	189,048
Intangibles	14	48,403	61,311
Deferred tax assets	9	126,924	123,186
Total non-current assets		432,949	468,207
Total assets		655,849	674,434
Liabilities			
Current liabilities			
Trade and other payables	15	75,665	40,581
Lease liabilities	16	17,111	14,285
Employee benefits	17	21,718	16,592
Total current liabilities		114,494	71,458
Non-current liabilities			
Trade and other payables	15	29,002	43,503
Lease liabilities	16	190,714	190,840
Employee benefits	17	24,508	17,566
Total non-current liabilities		244,224	251,909
Total liabilities		358,718	323,367
Net assets		297,131	351,067
Equity			
Issued capital	18	835,752	835,752
Accumulated losses	19	(538,621)	(484,685)
Total equity		297,131	351,067

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

Financial statements (continued)

Statement of Changes in Equity

For the year ended 30 June 2022

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020		835,752	(376,034)	459,718
Profit after income tax expense		-	(91,564)	(91,564)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(91,564)	(91,564)
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(17,087)	(17,087)
Balance at 30 June 2021		835,752	(484,685)	351,067

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		835,752	(484,685)	351,067
Profit after income tax expense		-	(11,218)	(11,218)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(11,218)	(11,218)
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(42,718)	(42,718)
Balance at 30 June 2022		835,752	(538,621)	297,131

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

Financial statements (continued)

Statement of Cash Flows

For the year ended 30 June 2021

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		711,597	630,761
Payments to suppliers and employees (inclusive of GST)		(632,935)	(585,724)
		78,662	45,037
Interest received		133	681
Net cash provided by operating activities	25	78,795	45,718
Cash flows from investing activities			
Payments for intangibles		(13,183)	(11,808)
Net cash used in investing activities		(13,183)	(11,808)
Cash flows from financing activities			
Dividends paid	21	(42,718)	(17,087)
Repayment of lease liabilities	16	(28,033)	(27,758)
Net cash used in financing activities		(70,751)	(44,845)
Net decrease in cash and cash equivalents		(5,139)	(10,935)
Cash and cash equivalents at the beginning of the financial year		159,547	170,482
Cash and cash equivalents at the end of the financial year	10	154,408	159,547

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 Kyabram & District Community Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is 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 Albion Arcade Shop 1, 171 Allan Street, Kyabram VIC 3620.

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 19 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.

Notes to the Financial statements (continued)

For the year ended 30 June 2022

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.

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

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

Notes to the Financial statements (continued)

For the year ended 30 June 2022

Note 5. Economic dependency (continued)

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	551,591	457,759
Fee income	47,503	41,451
Commission income	53,781	49,098
Revenue from contracts with customers	652,875	548,308

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Market development fund	15,000	25,625
Cash flow boost	-	8,360
Other revenue	15,000	33,985

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).

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.

Notes to the Financial statements (continued)

For the year ended 30 June 2022

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	21,681	21,680
Plant and equipment	2,265	3,029
Furniture and fittings	1,153	1,249
	25,099	25,958
Depreciation of right-of-use assets		
Leased land and buildings	21,393	17,964
Amortisation of intangible assets		
Franchise fee	2,151	2,538
Franchise establishment fee	-	20,000
Franchise renewal fee	10,757	2,689
	12,908	25,227
	59,400	69,149

Impairment losses

	2022 $	2021 $
Domiciled agency or branch business	-	39,273

Finance costs

	2022 $	2021 $
Lease interest expense	10,329	9,502

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	363,178	337,495
Superannuation contributions	40,375	33,911
Expenses related to long service leave	7,354	12,725
Other expenses	23,042	12,111
	433,949	396,242

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	13,391	14,471

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.

Notes to the Financial statements (continued)

For the year ended 30 June 2022

Note 9. Income tax

	2022 $	2021 $
Income tax benefit		
Movement in deferred tax	(8,435)	(9,317)
Reduction in company tax rate	-	4,927
Recoupment of prior year tax losses	4,696	-
Future income tax benefit attributable to losses	-	(2,504)
Aggregate income tax benefit	(3,739)	(6,894)
Prima facie income tax reconciliation		
Loss before income tax benefit	(14,957)	(98,458)
Tax at the statutory tax rate of 25% (2021: 26%)	(3,739)	(25,599)
Tax effect of:		
Non-deductible expenses	-	15,952
Reduction in company tax rate	-	4,927
Other assessable income	-	(2,174)
Income tax benefit	(3,739)	(6,894)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Tax losses	94,030	98,727
Employee benefits	11,557	8,540
Lease liabilities	51,957	51,282
Accrued expenses	-	775
Right-of-use assets	(47,015)	(47,262)
Property, plant and equipment	16,395	11,124
Deferred tax asset	126,924	123,186

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

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

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

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

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

Note 9. Income tax (continued)

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	44,408	29,547
Term deposits	110,000	130,000
	154,408	159,547

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	63,971	40,908
Prepayments	4,521	5,772
	68,492	46,680

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	201,704	201,704
Less: Accumulated depreciation	(136,738)	(115,057)
	64,966	86,647
Furniture and fittings - at cost	8,858	8,858
Less: Accumulated depreciation	(8,473)	(7,320)
	385	1,538
Plant and Equipment - at cost	23,147	23,147
Less: Accumulated depreciation	(18,935)	(16,670)
	4,212	6,477
	69,563	94,662

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and Equipment $	Furniture and fittings $	Total $
Balance at 1 July 2020	108,327	9,506	2,787	120,620
Depreciation	(21,680)	(3,029)	(1,249)	(25,958)
Balance at 30 June 2021	86,647	6,477	1,538	94,662
Depreciation	(21,681)	(2,265)	(1,153)	(25,099)
Balance at 30 June 2022	64,966	4,212	385	69,563

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:

Leasehold improvements	7 to 10 years
Plant and equipment	5 to 10 years
Furniture and fittings	7 years

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

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

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

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

Note 13. Right-of-use assets

	2022 $	**2021 $**
Land and buildings - right-of-use	295,607	275,204
Less: Accumulated depreciation	(107,548)	(86,156)
	188,059	189,048

Note 13. Right-of-use assets (continued)

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

	Land and buildings $	Total $
Balance at 1 July 2020	167,857	167,857
Remeasurement adjustments	39,155	39,155
Depreciation expense	(17,964)	(17,964)
Balance at 30 June 2021	189,048	189,048
Remeasurement adjustments	20,404	20,404
Depreciation expense	(21,393)	(21,393)
Balance at 30 June 2022	188,059	188,059

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangibles

	2022 $	**2021 $**
Domiciled customer accounts	39,273	39,273
Less: Accumulated amortisation	(39,273)	(39,273)
	-	-
Franchise fee	20,756	20,756
Less: Accumulated amortisation	(12,689)	(10,538)
	8,067	10,218
Franchise renewal fee	53,782	53,782
Less: Accumulated amortisation	(13,446)	(2,689)
	40,336	51,093
Establishment fee	100,000	100,000
Less: Accumulated amortisation	(100,000)	(100,000)
	-	-
	48,403	61,311

Note 14. Intangibles (continued)

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

	Domiciled customer accounts $	Franchise fee $	Establishment fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	39,273	2,000	20,000	53,782	115,055
Additions	-	10,756	-	-	10,756
Impairment of assets	(39,273)	-	-	-	(39,273)
Amortisation expense	-	(2,538)	(20,000)	(2,689)	(25,227)
Balance at 30 June 2021	-	10,218	-	51,093	61,311
Amortisation expense	-	(2,151)	-	(10,757)	(12,908)
Balance at 30 June 2022	-	8,067	-	40,336	48,403

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

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

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Domiciled customer accounts acquired are recognised at cost at the date of acquisition. They have been assessed as having indefinite useful life and tested for impairment at each reporting period. During the prior period the domiciled customer accounts were considered to be fully impaired.

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)	March 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 2026

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

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

Note 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Other payables and accruals	75,665	40,581
Non-current liabilities		
Other payables and accruals	29,002	43,503

Notes to the Financial statements (continued)

For the year ended 30 June 2022

Note 15. Trade and other payables (continued)

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

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

Note 16. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	26,698	23,797
Unexpired interest	(9,587)	(9,512)
	17,111	14,285
Non-current liabilities		
Land and buildings lease liabilities	229,314	235,623
Unexpired interest	(38,600)	(44,783)
	190,714	190,840

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	205,125	184,226
Remeasurement adjustments	20,404	39,155
Lease interest expense	10,329	9,502
Lease payments - total cash outflow	(28,033)	(27,758)
	207,825	205,125

Maturity analysis

	2022 $	2021 $
Not later than 12 months	26,698	23,797
Between 12 months and 5 years	114,793	101,327
Greater than 5 years	114,521	134,296
	256,012	259,420

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.

Notes to the Financial statements (continued)

For the year ended 30 June 2022

Note 16. Lease liabilities (continued)

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

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

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

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

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

The company's lease portfolio includes:

Kyabram branch	The lease agreement commenced in March 2016. A 5 year renewal option was exercised in March 2021. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is March 2031. The discount rate used in calculations is 4.79%.

Note 17. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	21,718	16,592
Non-current liabilities		
Long service leave	24,508	17,566

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 and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 17. Employee benefits (continued)

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

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

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

Note 18. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	854,361	854,361	854,361	854,361
Less: Equity raising costs	-	-	(18,609)	(18,609)
	854,361	854,361	835,752	835,752

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*.

Notes to the Financial statements (continued)

For the year ended 30 June 2022

Note 18. 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").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 239. As at the date of this report, the company had 267 shareholders (2021: 265 shareholders).

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

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

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

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

Note 19. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(484,685)	(376,034)
Loss after income tax benefit for the year	(11,218)	(91,564)
Dividends paid (note 21)	(42,718)	(17,087)
Accumulated losses at the end of the financial year	(538,621)	(484,685)

Note 20. 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%.

Note 20. Capital management (continued)

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 21. 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 $
Unfranked dividend of 5 cents per share (2021: 2 cents)	42,718	17,087

Accounting policy for dividends
Dividends are recognised in the financial year they are declared.

Note 22. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	63,971	40,908
Cash and cash equivalents	154,408	159,547
	218,379	200,455
Financial liabilities		
Trade and other payables	104,667	84,084
Lease liabilities	207,825	205,125
	312,492	289,209

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

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

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards 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.

Note 22. Financial instruments (continued)

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.

The company held cash and cash equivalents of $154,408 at 30 June 2022 (2021: $159,547). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	75,665	29,002	-	104,667
Lease liabilities	26,698	114,793	114,521	256,012
Total non-derivatives	102,363	143,795	114,521	360,679

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	40,581	43,503	-	84,084
Lease liabilities	23,797	101,327	134,296	259,420
Total non-derivatives	64,378	144,830	134,296	343,504

Notes to the Financial statements (continued)

For the year ended 30 June 2022

Note 23. Key management personnel disclosures

The following persons were directors of Kyabram & District Community Limited during the financial year:

Vincent Anthony Curtis	Ian Thomas Hamono
Dale Phillip Denham	Rory John Kerr
John De Girolamo	Brent John Sutton
David James Blake	Donna Beverley Mulcahy
Lisa Maree McPherson	Emma-Kate Hince
John Francis Michael McQueen Thomson	Christopher Neil Hunter

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

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

Note 24. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	600	600
General advisory services	2,810	2,710
Share registry services	3,550	3,190
	6,960	6,500
	12,160	11,500

Note 25. Reconciliation of loss after income tax to net cash provided by operating activities

	2022 $	2021 $
Loss after income tax benefit for the year	(11,218)	(91,564)
Adjustments for:		
Depreciation and amortisation	59,400	108,422
Lease liabilities interest	10,329	9,502
Change in operating assets and liabilities:		
Increase in trade and other receivables	(21,812)	(9,711)
Increase in deferred tax assets	(3,738)	-
Increase in other operating assets	-	(6,893)
Increase in trade and other payables	33,766	21,879
Increase in employee benefits	12,068	14,083
Net cash provided by operating activities	78,795	45,718

Notes to the Financial statements (continued)

For the year ended 30 June 2022

Note 26. Earnings per share

	2022 $	2021 $
Loss after income tax	(11,218)	(91,564)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	854,361	854,361
Weighted average number of ordinary shares used in calculating diluted earnings per share	854,361	854,361
	Cents	**Cents**
Basic earnings per share	(1.31)	(10.72)
Diluted earnings per share	(1.31)	(10.72)

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Kyabram & District Community 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 27. Commitments

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

Note 28. Contingencies

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

Note 29. 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

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

____

Brent John Sutton
Chair

19 September 2022

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Kyabram & District Community Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kyabram & District Community Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Kyabram & District Community Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Independent audit report (continued)

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
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.

Independent audit report (continued)

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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: 19 September 2022

Adrian Downing
Lead Auditor

Kyabram & District Community Limited
ABN 79 605 600 217

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ABN: 79 605 600 217

Share Registry:
AFS & Associates Bendigo

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Bendigo Bank