Annual Report 2022

Lancefield & Romsey Community Financial Services Limited

Community Bank
Lancefield and Romsey

ABN 44 093 517 714

Contents

Chairman's report.

For year ending June 30 2022.

I am pleased to be reporting to you again as the Chairman of our Community Bank branches in Lancefield and Romsey in our twenty first year.

Again, we have experienced Covid throughout the country with different variants impacting all. With vaccines now firmly a part of everyone's care process, we are all learning to live with this disease. Similar to last year, as an essential service, our branches have remained open for business. I would like to express my gratitude to all of our staff who continued to service our customers diligently during this period.

After seven years with our branches, and four years as Senior Branch Manager, in December 2021, Michael O'Gorman decided to seek another opportunity within the Community Bank network. In February 2022, we were delighted to welcome Angela Dickins as our new Senior Branch Manager. Angela has strong experience within the Community Bank network both in the branches and as a mobile lender in our region and is already making a difference in our organization. We look forward to more success under Angela's leadership.

In February 2022, the bank organized a Community Forum which was a great success. Despite Covid restrictions, we were able to attract approximately 110 people to identify the needs of the Lancefield and Romsey communities. The night was attended by Local, Federal and State Government representatives together with a broad cross section of businesses and residents of our towns. The forum generated 246 ideas across a range of areas including business & economic development, community infrastructure, community services, spaces and facilities, emergency services, recreation, sporting, street scape, tourism and youth services. We are now in the process of working with others to ascertain how some of these ideas can be turned into reality.

Our net profitability, before our investment in the community, directly and through our investment in the Community Enterprise Foundation and tax expense, was $509,502 (after community investment, our net profit before tax was $204,533). Whilst our revenue from customers was down, in part driven by very low margins, our employee and general administration expenses also decreased by approximately 2%. Our ongoing profitability allowed us to declare a total annual dividend of 7 cents per share.

This year, directly and through the Community Enterprise Foundation, we have been able to make investments in the community of $275,429. Again, we awarded five students with scholarships and bursaries. Due to COVID-19 restrictions on events and gatherings, the total number of requests was understandably down. During the financial year, our Community Investment Program (grants and sponsorships) contributed to many local groups including the Woodend Lifestyle Carers Group, emergency services, Relay for Life, Romsey Region Business and Tourism Association (RRBATA), Romsey and Lancefield & District Historical Society, Macedon Ranges Photographic Society, the Lions Club, Defib for Life with the installation of a defib unit at each of our branches, and the Neighborhood House for the purchase of their Share ride vehicle.

It is this investment and co-contribution to our communities' wealth that is the foundation of the Community Bank model. A large proportion of our profits are invested back into the community in the form of grants and sponsorships. This allows our community to grow, having access to better services, bringing more customers to the doors of our Community Bank branches in Romsey and Lancefield to allow us to continue our contribution. The more customers we have, the more we can invest in the community. It's a virtuous and incredibly powerful circle.

Our continued profitability and contribution to our community, demonstrates our teams' commitment to the branches, the customers and the community. Our thanks and congratulations to both of our branch teams for another strong year supporting our business particularly during difficult and challenging times.

During the year, we were pleased to welcome Graeme Bruce as a director to the Board. Graeme has resided in the Lancefield area for many years and has a strong background in governance. I would like to acknowledge the contributions of Tracey Costar, Adam Cullinger and Bronwyn Meadows Smith, who left as directors and Company Secretary respectively during the year.

In June 2022, we welcomed Natalie Brown as our Company Secretary / Executive Officer, and Lauren Harrison as our new Marketing Officer. Both are highly experienced in their areas and are already making a strong contribution to the organization.

Chairman's report. (continued)

For year ending June 30 2022.

I would like to sincerely thank all of our directors for their hard work and dedication to our Community Bank Company and for the enthusiast contribution they continue to make to ensure that we are feeding prosperity back into the community not feeding off it. During the year, the board met both virtually and fortunately in person.

It all began with you, our shareholders – 21 years ago. Your faith, trust and commitment to our community allowed these Community Bank branches to begin. Thank you. With your support we will continue to grow and prosper and I very much look forward to building the wealth and prosperity of our community together.

Suzie Ewart
Chairman

Senior branch manager's report.

For year ending June 30 2022.

It is with great pleasure that I present my first Branch Managers report for Community Bank Lancefield & Romsey. After having worked from home for the past two years, I am so excited to be back in the workplace and it is such a privilege to be a part of these Community Banks. Big thank you to those that have all welcomed me – this past 6 months have flown by.

Community Bank Lancefield & Romsey saw growth of $15 Million for the 2022 financial year. The majority of our growth was seen in our deposit growth $13 Million, and Consumer lending $2 Million. Whilst we saw an increase in lending numbers from the previous year, our overall lending growth was impacted by our customers taking advantage of the increase of property prices in the Macedon Ranges. This has seen many taking advantage of a strong selling market and reducing their debt.

Those of you that I have met already, would know how passionate I am about the Community Bank model. I love the Community Bank concept and will continue my focus of being as involved in the community as I can. I love how, as a business, we are there to support our towns and to see the impact we can have. It is just so exciting.

Community Bank Lancefield & Romsey have serviced our community for 21 years. In that time, investing over $2 million dollars into the local community – this is something we are all so proud of.

The 2022 financial year saw some exciting investments, some of which are:

- Shareride – funding of a vehicle to provide much needed transport to medical appointments or shopping for those who otherwise would not have transport
- Ecotherapy Park – funding towards the waterplay area in the exciting new park in Romsey which will be available for all to use
- Riddell District Football Netball League (RDFNL) sponsorship – funding to help keep registration costs down for families
- University and Scholarship program – providing financial assistance to year 12 students commencing university
- L2P Program – purchase of a vehicle for the Learner Driver Mentor program, assisting learner drivers to learn to drive.

These are just some of the exciting projects having a major impact on our towns, can't wait to see what this coming year will bring.

The last 12 months has seen a period of change for Community Bank Romsey & Lancefield, farewelling Michael O'Gorman, Peter Walsh, Ellen Milburn & Maddy Bell. Whilst there have been quite a few changes with staffing, our remaining staff have remained positive and adapted to the changes, moving across both branches and working additional days when required. I would like to thank you all for your efforts and assistance during this period of change. I would also like to welcome Amy Gauld and Rebecca Healy to the team.

I would like to thank our Staff and local volunteer Board of Directors for your support and faith in me to do this role. It is an absolute privilege to lead both branches and I am so excited to see what we can do together in the future.

And lastly, to our customers. By choosing to bank with Community Bank Lancefield & Romsey you are helping us to grow, enabling the Community Bank branches to continue to invest funds into local projects, groups and initiatives that helps create the wonderful community we live in.

Angela Dickins
Senior Branch Manager

Directors' report.

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

DIRECTORS

The directors of the company who held office during the financial year and to the date of this report are:

Suzanne Ewart Chair

Occupation: Non-Executive Director/Business Advisor

Qualifications, experience and expertise: Bachelor of Economics, CPA and Fellow of the Australian Institute of Company Directors, Suzanne is a Company Director and business adviser with a strong background in strategy, treasury, risk management and finance for some of Australia's major ASX listed companies, including NAB, BTR, Nylex, Pacific Dunlop, Fosters Group and Woodside Petroleum. She has served on several boards and has expansive corporate governance and leadership skills drawn from many years' experience in large global businesses. Her board and business experience cover a range of sectors including health, biotech, education, financial services and infrastructure. She is Chairman of Butn Ltd (ASX:BTN) and a director of Dexus Wholesale Funds Ltd. She was formerly Chair of au Domain Administration Ltd, Peter MacCallum Cancer Institute Cell Therapies and Box Hill Institute, a director of Treasury Corporation Victoria and TT Line Pty Ltd.

Special responsibilities: Board Chairman since June 2018, member of Finance & Audit Committee, member of Governance & Risk Committee

Interest in shares: nil share interest held

Robert William Bryant Non-executive director

Qualifications, experience and expertise: Robert was a Director on the Board of a public company from 1996 to 1999. Robert brings his extensive local community awareness and retail expertise to his Directorship, having been a local Hardware Owner/Operator since 2000.

Special responsibilities: Chair of Property Committee and member of Marketing & Community Investment Committee

Interest in shares: 3,750 ordinary shares

Stephen Bruce Thorogood Non-executive director

Qualifications, experience and expertise: Stephen is the Business Manager for Romsey and Lancefield Medical Centres. Previously he was the National Australian Manager for Mainfreight International and spent 36 years in the International logistics Industry before taking on the General Manager role at Danihers Facility Management. He has previously been the President of the Romsey Lancefield Junior Football Club for 8 years as well as a director of the World Air Cargo Organization (headquartered in the UK) from 2011 to 2015. Stephen is also a 20 year member of the Australian Institute of Management and a Licensed Customs Broker.

Special responsibilities: Member of Marketing & Community Investment Committee and Finance & Audit Committee

Interest in shares: nil share interest held

Beverley Anne Beaumont Non-executive director

Qualifications, experience and expertise: Extensive experience and exposure in a number of business management, administration, retail and human resources roles within several companies including Mobil Oil, Balgee Oil and Ardmona Fruits. An active member/volunteer in the local community, most recently as President of Romsey Tennis Club overseeing the upgrade of facilities, member of Romsey Sporting Association, and having also served as Councillor on Romsey Primary School Council.

Special responsibilities: Chair of Marketing & Community Investment Committee and member of Governance & Risk Committee

Interest in shares: nil share interest held

John Joseph Roach Non-executive director

Qualifications, experience and expertise: John has previously held positions of CEO AUSVEG, the peak body for the vegetable industry in Australia; CEO of Fresh State Ltd and the Melbourne Markets Credit Service; and Executive Director of Fresh Markets Australia, the peak body for fruit and vegetable wholesalers in Australia; Industry Marketing Coordinator - Agriculture and PNG for the Pacific Labour Scheme. Experience includes over 20 years both as a Chair and a Director on both Government and Industry Councils / bodies at national and state levels. Employment skills include over a decade as a national CEO / Executive Director, very strong in stakeholder engagement; financial and organisational governance; leadership; and commercial acumen. Graduate Management Qualification (AGSM), Certificate in Agriculture.

Special responsibilities: Member of the Property Committee and Marketing & Community Investment Committee

Interest in shares: nil share interest held

Graeme Charles Kelly Non-executive director

Qualifications, experience and expertise: Graeme is an experienced executive, including 13 years CEO experience, non-executive director experience since 2000, Graduate of the Australian Institute of Company Directors and a member of the Alumnus Harvard Business School (SPNM 2010). He holds a Master Degree of Business (Organisation Dynamics) and is currently an interim CEO. Customs Broker.

Special responsibilities: Chair of Governance & Risk Committee

Interest in shares: nil share interest held

Graeme John Bruce Non-executive director (appointed 7 Feruary 2022)

Qualifications, experience and expertise: Graeme brings both business and Board experience from previous roles with major international consulting firms and NFP boards. A former lecturer in accounting, qualified Financial Planner and Company Secretary, he has extensive experience, both in Australia and in global roles particularly with major international firm Deloitte Consulting as their Regional Director of Operations. Strong accountancy and management background, particularly in process improvement, benchmarking and operations management. Now a full-time farmer, he is focused on improving returns from older cows and sheep.

Special responsibilities: Member of Finance & Audit Committee

Interest in shares: nil share interest held

Adam James Cullinger Non-executive director (resigned 4 April 2022)

Qualifications, experience and expertise: Adam is nearing completion of a Master of Project Management and has completed multiple undergraduate studies in Construction Management & Building. Adam has a strong background in small business, commercial building and more recently project management at leading infrastructure sites across Victoria. Adam has strong skills in project and program governance, risk management and procurement amongst others.

Special responsibilities: Member of Property Committee, Governance & Risk Committee and Marketing & Community Investment Committee

Interest in shares: nil share interest held

Tracey Leanne Costar Non-executive director (resigned 25 November 2021)

Qualifications, experience and expertise: Tracey has attained a Bachelor of Business (Accounting/Banking & Finance) and is a registered Associate CPA. Tracey has extensive experience in the Resources, Utilities and not-for-profit sectors in both Australia & International. Tracey brings with her a wealth of knowledge in business process assessment & information systems management, and is currently focused on financial/accounting & Technology management.

Special responsibilities: Treasurer and Chair of Finance & Audit and member of Governance & Risk Committee

Interest in shares: nil share interest held

Directors were in office for this entire year unless otherwise stated.

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

Directors' report. (continued)

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

Company Secretary

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

- Natalie Belinda Brown was appointed company secretary on 4 July 2022
- Graeme John Bruce was appointed as interim company secretary on 13 May 2022 and ceased on 7 July 2022
- Bronwyn Smith Meadows was appointed company secretary on 10 September 2019 and ceased on 13 May 2022

Qualifications, experience and expertise: Prior to joining Lancefield & Romsey Community Financial Services Ltd, Natalie Brown was Managing Director of her family's business, Quick Set Concrete & Construction, for over ten years providing organisational, management and administration expertise to the business. Natalie also has a Diploma of Children's Services and has worked as an Assistant Director with a Child Care Centre.

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 these activities during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to $152,870 (30 June 2021: $298,110).

Operations have continued to perform in line with expectations.

Dividends

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

	Cents per share	Total amount $
Final fully franked dividend	7.00	101,070

Significant changes in the state of affairs

Since January 2020, COVID-19 has developed and spread globally. In response, the Commonwealth and State Government introduced a range of social isolation measures to limit the spread of the virus. Such measures have been revised, as appropriate, based on case numbers and the level of community transmission. Whilst there has been no significant changes on the companies financial performance so far, uncertainty remains on the future impact of COVID-19 to the company's operations.

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

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

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.

Directors' meetings

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 attended		Committee Meetings Attended					
			Finance and audit		Governance & Risk		Marketing & Community Investment	
Director	E	A	E	A	E	A	E	A
Suzanne Ewart	12	12	11	11	3	3	-	-
Robert William Bryant	12	9	-	-	-	-	5	3
Stephen Bruce Thorogood	12	11	11	11	-	-	9	8
Beverley Anne Beaumont	12	12	-	-	3	2	9	8
John Joseph Roach	12	12	-	-	-	-	9	7
Graeme Charles Kelly	12	12	11	9	3	3	-	-
Graeme John Bruce	5	5	5	5	-	-	-	-
Adam James Cullinger	9	6	-	-	-	-	9	4
Tracey Leanne Costar	6	4	4	2	1	-	-	-

E: eligible to attend. **A:** number attended.

Directors' benefits

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

Directors' interests

The interest in company shareholdings for each director are:

	Fully paid ordinary shares		
	Balance at start of year	Changes during the year	Balance at end of year
Suzanne Ewart	-	-	-
Robert William Bryant	3,750	-	3,750
Stephen Bruce Thorogood	-	-	-
Beverley Anne Beaumont	-	-	-
John Joseph Roach	-	-	-
Graeme Charles Kelly	-	-	-
Graeme John Bruce	-	-	-
Adam James Cullinger	-	-	-
Tracey Leanne Costar	-	-	-

Indemnification 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.

Directors' report. (continued)

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

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 27 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Finance & Audit Committee, 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 Finance & Audit Committee to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- 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

S.M. Ewart.

Suzanne Ewart, Chair

Dated this 5th day of September 2022

Auditor's independence declaration.

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Lancefield & Romsey Community Financial Services Limited

As lead auditor for the audit of Lancefield & Romsey Community 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: 5 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	1,668,872	1,756,906
Other revenue	7	43,643	85,323
Finance income		2,078	3,111
Employee benefit expenses	8	(836,205)	(877,106)
Charitable donations, sponsorship, advertising and promotion		(23,414)	(10,401)
Occupancy and associated costs		(66,835)	(56,318)
Systems costs		(62,067)	(66,410)
Depreciation and amortisation expense	8	(86,359)	(85,499)
Finance costs	8	(9,119)	(9,471)
General administration expenses		(121,092)	(124,225)
Profit before community contributions and income tax expense		**509,502**	**615,910**
Charitable donations and sponsorships expense		(304,969)	(227,341)
Profit before income tax expense		**204,533**	**388,569**
Income tax expense	9	(51,663)	(90,459)
Profit after income tax expense	20	**152,870**	**298,110**
Other comprehensive income			
Revaluation of investments		-	-
Total other comprehensive income for the period		**-**	**-**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**152,870**	**298,110**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	28	15.13	29.50

The accompanying notes form part of these financial statements.

Financial statements. (continued)

Statement of Financial Position as at 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	10	860,242	806,238
Trade and other receivables	11	169,583	149,182
Current Tax assets	9	169,583	-
Total current assets		**1,055,625**	**955,420**
Non-current assets			
Property, plant and equipment	12	1,557,657	1,604,820
Right-of-use assets	13	109,661	115,621
Intangible assets	14	80,587	106,530
Total non-current assets		**1,747,905**	**1,826,971**
Total assets		**2,803,530**	**2,782,391**
LIABILITIES			
Current liabilities			
Trade and other payables	15	74,826	79,702
Lease liabilities	16	13,890	12,682
Current tax liabilities	9	-	25,002
Employee benefits	17	82,622	105,809
Total current liabilities		**171,338**	**223,195**
Non-current liabilities			
Lease liabilities	16	142,632	150,791
Deferred tax liability	9	20,386	23,781
Employee benefits	17	10,753	8,647
Provisions	18	6,163	5,840
Total non-current liabilities		**179,934**	**189,059**
Total liabilities		**351,272**	**412,254**
Net assets		**2,452,258**	**2,370,137**
EQUITY			
Issued capital	19	667,869	667,869
Retained earnings	20	1,784,389	1,702,268
Total equity		**2,452,258**	**2,370,137**

The accompanying notes form part of these financial statements.

Financial statements. (continued)

Statement of Financial Position as at 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		**667,869**	**1,505,228**	**2,173,097**
Profit after income tax expense		-	298,110	298,110
Other comprehensive income, net of tax			-	-
Total comprehensive income for the year			298,110	298,110
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	22	-	(101,070)	(101,070)
Balance at 30 June 2021		**667,869**	**1,702,268**	**2,370,137**
Balance at 1 July 2021		**667,869**	**1,702,268**	**2,370,137**
Profit after income tax expense		-	152,870	152,870
Other comprehensive income, net of tax			-	-
Total comprehensive income for the year			152,870	152,870
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	22	-	(70,749)	(70,749)
Balance at 30 June 2022		**667,869**	**1,784,389**	**2,452,258**

The accompanying notes form part of these financial statements.

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,864,882	2,031,820
Payments to suppliers and employees (inclusive of GST)		(1,616,374)	(1,526,873)
		248,508	504,947
Interest received		2,078	3,111
Income taxes paid		(102,793)	(72,169)
Net cash provided by operating activities	**27**	**147,793**	**435,889**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,120)	(14,730)
Payments for intangible assets		-	(129,712)
Net cash used in investing activities		**(1,120)**	**(144,442)**
Cash flows from financing activities			
Dividends paid	22	(70,749)	(101,070)
Repayment of lease liabilities	16	(21,920)	(21,183)
Net cash used in financing activities		**(92,669)**	**(122,253)**
Net increase in cash and cash equivalents		54,004	169,194
Cash and cash equivalents at the beginning of the financial year		806,238	637,044
Cash and cash equivalents at the end of the financial year	**10**	**860,242**	**806,238**

The accompanying notes form part of these financial statements.

Notes to the financial statements.

For the financial year ended 30 June 2022.

NOTE 1. REPORTING ENTITY

The financial statements cover Lancefield & Romsey Community Financial Services 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:

Registered Office:	**20A High Street Lancefield VIC 3435**
Principal Place of Business:	**20A High Street Lancefield VIC 3435** **105 Main Street, Romsey VIC 3434**

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 5 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

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

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

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

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

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

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

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

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.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period

Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market

Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2022.

NOTE 4. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

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

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

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

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

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

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

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

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

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

Notes to the financial statements. (continued)

For the financial year ended 30 June 2022.

NOTE 6. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022 $	2021 $
- Margin income	1,459,752	1,561,563
- Fee income	108,656	111,421
- Commission income	100,464	83,922
Revenue from contracts with customers	**1,668,872**	**1,756,906**

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.

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 income	26,250	45,000
- Cash flow boost	-	37,500
- Other income	17,393	85,323
Other revenue	**43,643**	**85,323**

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

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

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

For the financial year ended 30 June 2022.

NOTE 7. OTHER REVENUE (CONTINUED)

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

a) Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets:		
- Buildings	20,808	20,806
- Leasehold improvements	11,121	3,019
- Plant and equipment	16,354	17,229
	48,283	**41,054**
Depreciation of right-of-use assets		
- Leased land and buildings	12,133	11,562
Amortisation of intangible assets:		
- Franchise fee	4,324	5,734
- Franchise renewal process fee	21,619	27,149
	25,943	**32,883**
Total depreciation and amortisation expense	**86,359**	**85,499**

b) Finance costs

	2022 $	2021 $
- Lease interest expense	8,796	9,165
- Unwinding of make-good provision	323	306
	9,119	**9,471**

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

c) Employee benefit expenses

	2022 $	2021 $
Wages and salaries	687,473	654,514
Superannuation contributions	66,584	62,970
Expenses related to long service leave	(19,211)	7,468
Other expenses	101,359	152,154
	836,205	**877,106**

d) Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	28,741	29,460

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

a) Amounts recognised in profit or loss

	2022 $	2021 $
Current tax expense		
- Current tax	55,058	95,390
- Movement in deferred tax	(3,395)	(3,980)
- Reduction in company tax rate	-	(951)
Aggregate income tax expense	**51,663**	**90,459**

b) Prima facie income tax reconciliation

	2022 $	2021 $
Profit before income tax expense	204,533	388,569
Tax at the statutory tax rate of 25% (2021: 26%)	51,133	101,028
Tax effect of:		
- Non-deductible expenses	530	306
- Reduction in company tax rate	-	(951)
- Other assessable income	-	(9,749)
Income tax expense	**51,663**	**90,459**

NOTE 9. INCOME TAX (CONTINUED)

	2022 $	2021 $
Deferred tax liabilities/(assets)		
- property, plant and equipment	57,691	66,491
- income accruals	170	202
- right-of-use assets	27,415	28,905
- lease liabilities	(39,130)	(40,868)
- employee benefits	(23,344)	(28,614)
- provision for lease make good	(1,541)	(1,460)
- accrued expenses	(875)	(875)
Deferred tax liabilities	**20,386**	**23,781**

	2022 $	2021 $
Income tax refund due	**25,800**	**-**

	2022 $	2021 $
Provision for income tax	**-**	**25,002**

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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

NOTE 10. CASH AND CASH EQUIVALENTS

	2022 $	2021 $
- Cash at bank and on hand	357,688	304,940
- Term deposits	502,554	501,298
	860,242	**806,238**

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	155,629	138,387
Other receivables and accruals	13,276	9,988
Accrued income	678	807
	13,954	10,795
	169,583	**149,182**

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.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2022.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	2022 $	2021 $
Land		
At fair value	918,120	918,120
Buildings		
At fair value	481,880	481,882
Less: accumulated depreciation	(53,467)	(32,661)
	428,413	**449,221**
Leasehold improvements		
At cost	215,958	215,957
Less: accumulated depreciation	(115,857)	(104,735)
	100,101	**111,222**
Plant and equipment		
At cost	226,236	226,237
Less: accumulated depreciation	(147,079)	(130,726)
	79,157	**95,511**
Capital works in progress		
At cost	31,866	30,746
Total written down amount	**1,557,657**	**1,604,820**

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 $	Capital works in progress $	Total $
Balance at 1 July 2020	918,120	850,000	114,241	97,930	30,826	1,631,144
Additions	-	-	-	14,810	1,120	15,930
Disposals	-	-	-	-	(1,200)	(1,200)
Depreciation	**-**	**(20,806)**	**(3,019)**	**(17,229)**	**-**	**(41,054**
Balance at 30 June 2021	918,120	449,221	111,222	95,511	30,746	1,604,820
Additions	-	-	-	-	1,120	1,120
Depreciation	**-**	**(20,808)**	**(11,121)**	**(16,354)**	**-**	**(48,283)**
Balance at 30 June 2022	**918,120**	**428,413**	**100,101**	**79,157**	**31,866**	**1,557,657**

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.

NOTE 12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

Building	40 years
Leasehold improvements	5 to 40 years
Plant and Equipment	2 to 40 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.

Change in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

The company's review of estimates resulted in changes in the useful life of some of the Lancefield branch leasehold improvements. The useful life had previously been assessed as 40 years until May 2058. This is now expected to be 13 years until June 2031. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 $	2023 $	2024 $	2025 $	2026+ $
(Decrease) increase in depreciation expense	8,103	6,991	5,990	5,089	(26,174)

NOTE 13. RIGHT-OF-USE ASSETS

	2022 $	2021 $
Land and buildings - right-of-use	237,414	231,241
Less: accumulated depreciation	(127,753)	(115,620)
	109,661	**115,621**

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	127,183	127,183
Depreciation expense	(11,562)	(11,562)
Balance at 30 June 2021	115,621	115,621
Remeasurement adjustments	6,173	6,173
Depreciation expense	(12,133)	(12,133)
Balance at 30 June 2022	**109,661**	**109,661**

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 $
Franchise fee	172,908	172,908
Less: accumulated amortisation	(159,477)	(155,153)
	13,431	**17,755**
Franchise renewal fee	296,121	296,121
Less: accumulated amortisation	(228,965)	(207,346)
	67,156	**88,775**
Total written down amount	**80,587**	**106,530**

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 and renewal fee $	Total $
Balance at 1 July 2020	1,871	7,831	9,702
Additions	21,618	108,093	129,711
Amortisation expense	(5,734)	(27,149)	(32,883)
Balance at 30 June 2021	17,755	88,775	106,530
Amortisation expense	(4,324)	(21,619)	(25,943)
Balance at 30 June 2022	**13,431**	**67,156**	**80,587**

Additions

During the previous financial year, Lancefield and Romsey franchise fees were renewed. Both are to be amortised over five years to August 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 14. 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)	August 2025
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)	August 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 15. TRADE AND OTHER PAYABLES

Current liabilities	2022 $	2021 $
Trade payables	10,217	3,967
Other payables and accruals	64,609	75,735
	74,826	**79,702**

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 an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2022.

NOTE 16. LEASE LIABILITIES

Current liabilities	2022 $	2021 $
Land and buildings lease liabilities	21,987	21,183
Unexpired interest	(8,097)	(8,501)
	13,890	**12,682**

Non-current liabilities	2022 $	2021 $
Land and buildings lease liabilities	175,900	190,642
Unexpired interest	(33,268)	(39,851)
	142,632	**150,791**

Reconciliation of lease liabilities	2022 $	2021 $
Opening balance	175,491	175,491
Remeasurement adjustments	6,173	-
Lease interest expense	8,796	9,165
Lease payments - total cash outflow	(21,920)	(21,183)
	156,522	**163,473**

Maturity analysis	2022 $	2021 $
- Not later than 12 months	21,987	21,183
- Between 12 months and 5 years	87,950	84,730
- Greater than 5 years	87,950	105,912
Present value of lease liabilities	**197,887**	**211,825**

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 to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

The company's lease portfolio includes:

> *Lancefield Branch*
>
> The lease agreement commenced in July 2011. Five year renewal options were exercised in July 2016 and July 2021. The company has an additional five year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is June 2031. The discount rate used in calculations is 5.39%.

NOTE 17. EMPLOYEE BENEFITS

Current liabilities	2022 $	2021 $
Annual leave	43,978	45,847
Long service leave	38,644	59,962
	82,622	**105,809**

Non-current liabilities	2022 $	2021 $
Long service leave	10,753	8,647

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.

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.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2022.

NOTE 18. PROVISIONS

	2022 $	2021 $
Lease make good	6,163	5,840

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $10,000 for the Lancefield Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 30 June 2031 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions

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

NOTE 19. ISSUED CAPITAL

	2022		2021	
	Number	$	Number	$
Ordinary shares - fully paid	1,010,700	970,700	1,010,700	970,700
Less: return of capital	-	(252,675)	-	(252,675)
Less: equity raising costs	-	(50,156)	-	(50,156)
	1,010,700	**667,869**	**1,010,700**	**667,869**

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*.

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 20. RETAINED EARNINGS

	2022 $	2021 $
Retained earnings at the beginning of the financial year	1,702,268	1,505,228
Profit after income tax expense for the year	152,870	298,110
Dividends paid (note 22)	(70,749)	(101,070)
Retained earnings at the end of the financial year	**1,784,389**	**1,702,268**

Retained earnings consists of cumulative profits generated by the company since the incorporation of the company.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2022.

NOTE 21. CAPITAL MANAGEMENT

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

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

The distribution limit is the greater of:

a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

NOTE 22. DIVIDENDS

The following dividends were provided for and paid to shareholders during the reporting period as presented in the Statement of Changes in Equity and Statement of Cash Flows.

	2022		2021	
	Cents	$	Cents	$
Fully franked dividend	7.00	70,749	10.00	101,070

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	815,638	778,592
Franking debits from the payment of franked distributions	(23,583)	(35,511)
Franking credits from the payment of income tax instalments during the financial year	102,793	72,557
	894,848	**815,638**

Franking transactions that will arise subsequent to the financial year end:

Balance at the end of the financial year	894,848	815,638
Franking credits (debits) that will arise from payment (refund) of income tax	(3,743)	43,993
Franking credits available for future reporting periods	891,105	859,631

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

NOTE 23. FINANCIAL INSTRUMENTS

	2022 $	2021 $
Financial assets		
Trade and other receivables	169,583	149,182
Cash and cash equivalents	357,688	304,940
Term deposits	502,554	501,298
	1,029,825	**955,420**
Financial liabilities		
Trade and other payables	74,826	79,702
Lease liabilities	156,522	163,473
	231,348	**243,175**

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.

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.

The company held cash and cash equivalents of $860,242 at 30 June 2022 (2021: $806,238). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Notes to the financial statements. (continued)

For the financial year ended 30 June 2022.

NOTE 23. FINANCIAL INSTRUMENTS (CONTINUED)

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

Non-derivatives	1 year or less $	Between 1 and 5 years $	Between 1 and 5 years $	Remaining contractual maturities $
Trade and other payables	74,826	-	-	74,826
Lease liabilities	21,987	87,950	87,950	197,887
	96,813	**87,950**	**87,950**	**272,713**

2021

Non-derivatives	1 year or less $	Between 1 and 5 years $	Between 1 and 5 years $	Remaining contractual maturities $
Trade and other payables	79,702	-	-	79,702
Lease liabilities	21,183	84,730	105,912	211,825
	100,885	**84,730**	**105,912**	**291,527**

NOTE 24. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following persons were directors of Lancefield & Romsey Community Financial Services Limited during the financial year:

- Suzanne Ewart
- Robert William Bryant
- Stephen Bruce Thorogood
- Graeme John Bruce (appointed 7 February 2022)
- Tracey Leanne Costar (resigned 25 November 2021)
- Beverley Anne Beaumont
- John Joseph Roach
- Graeme Charles Kelly
- Adam James Cullinger (resigned 4 April 2022)

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

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

NOTE 25. RELATED PARTY TRANSACTIONS

The following transactions occurred with related parties:

	2022 $	2021 $
Beverly Beaumont temporarily provided marketing serves whilst the company was seeking a new incumbent for the part time Marketing Officer role. The total benefit received was:	8,640	-
The company purchased hardware supplies from a business owned by Robert Bryant	260	-

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

NOTE 26. AUDITOR'S REMUNERATION

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 and review of financial statements	6,000	5,000
Other services		
- Taxation advice and tax compliance services	600	600
- General advisory services	2,450	1,930
- Share registry services	6,062	5,741
	9,112	**8,271**
Total auditor's remuneration	**15,112**	**13,271**

NOTE 27. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2022 $	2021 $
Net profit after tax from ordinary activities	152,870	298,110
Adjustments for:		
- Depreciation and amortisation	86,359	85,499
- Lease liability interest	8,796	9,165
Changes in assets and liabilities:		
- Decrease/(increase) in trade and other receivables	(20,401)	11,047
- Increase in income tax refund due	(25,800)	-
- Increase/(decrease) in trade and other payables	(4,876)	11,119
- Decrease in provision for income tax	(25,002)	-
- Increase/(decrease) in deferred tax liabilities	(3,395)	18,290
- Increase/(decrease) in employee benefits	(21,081)	2,353
- Increase in other provisions	323	306
Net cash flows provided by operating activities	**147,793**	**435,889**

Notes to the financial statements. (continued)

For the financial year ended 30 June 2022.

NOTE 28. EARNINGS PER SHARE

	2022 $	2021 $
Profit after income tax	152,870	298,110

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,010,700	1,010,700
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,010,700	1,010,700

	Cents	Cents
Basic earnings per share	15.13	29.50
Diluted earnings per share	15.13	29.50

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Lancefield & Romsey Community 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 29. COMMITMENTS

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

NOTE 30. CONTINGENCIES

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

NOTE 31. EVENTS AFTER THE REPORTING PERIOD

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

S.M. Ewart

Suzanne Ewart
Chair

Dated this 5th day of September 2022

Independent audit report.

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Lancefield & Romsey Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lancefield & Romsey Community Financial Services Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Lancefield & Romsey Community 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 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.

AFS Partners in success Chartered Accountants

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.

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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: 5 September 2022

Adrian Downing
Lead Auditor

Community Bank · Lancefield
20A High Street,
Lancefield VIC 3435
Phone: (03) 5429 1977
Web: bendigobank.com.au/lancefield

Community Bank · Romsey
105 Main Street,
Romsey VIC 3434
Phone: (03) 5429 5526
Web: bendigobank.com.au/romsey

Franchisee: Lancefield & Romsey Community Financial Services Limited
ABN: 44 093 517 714
20A High Street,
Lancefield Vic 3435
Email: info@lrcfsl.com.au

Share Registry:
AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 5443 0344
Fax: 5443 5304
Email: shareregistry@afsbendigo.com.au

/communitybanklancefieldromsey

This Annual Report has been printed on 100% Recycled Paper

Bendigo Bank