Annual Report 2022

Lockmore Financial Services Limited

Community Bank
Elmore, Lockington and Rochester

ABN 41 106 113 599

Contents

Chair's report

For year ending 30 June 2022

We are buoyed by the prospect of stronger results in the future and the opportunities that may come with those. However, we know that to maintain growth we must keep our focus firmly on the needs of our customers and our communities to maintain our point of difference – providing a return to the communities that support us.

It is with great pleasure that I present to you the Lockmore Financial Services Limited Annual Report for the year ending 30 June 2022. As I've said in previous years, we're immensely proud of the contribution we make locally to the prosperity of our communities and nationally to one of Australia's most trusted brands – our partner Bendigo Bank.

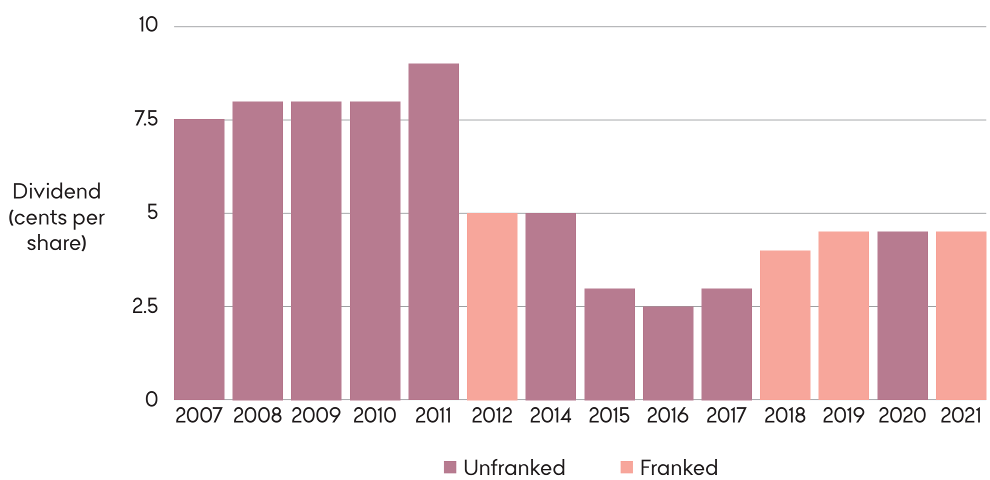
Headline results

As we emerged from COVID-19 restrictions and life in our communities resembled something closer to normal, Lockmore Financial Services Limited sustained positive headline financial results and a sound and sustainable overall position that you can read more about in this report.

As of 30 June 2022 we had $255.8 million in banking business across our three branches, up from $244.9 million at the same time last year. Our total revenue for the year was $1,363,112, a decrease of approximately 2.8% on last year (FY20/21: $1,401,998). We again contained our expenses as an ongoing response to uncertainty in our operating environment, with a 5.3% reduction before allowing for donations, sponsorship, advertising, and promotions offsetting the reduction in revenue. We recorded a total of $112,356 (FY20/21: $178,433) directed to supporting community priorities and growing our business and we returned $71,516.51 to our shareholders through a 4.5c fully franked dividend (FY20/21: 4.5c unfranked).

As an overall result, we have posted a strong profit of $123,081 after tax for the year, which is almost twice the profit recorded in the previous year (FY20/21: $65,431).

Share Dividend History



Community support and events

We've put a lot of work into maintaining our sustainable position in challenging times but we haven't lost focus on providing a return to the communities in which we operate. We've returned more than $2.15 million to our communities in sponsorship and dividends since we started operating. Through two rounds of our Community Sponsorship Program we made $76,544.31 available to community groups to support them through the challenges of COVID-19 and to help them get priority projects off the ground.

Recognising the impact of the Elmore Field Days event being cancelled two years in a row we partnered with the Elmore Field Days Committee to distribute $27,150 through Elmore Field Days Sustainability Grants to organisations that normally generate income from their volunteer efforts.

We continued to be the major sponsor the Community Bank Rochester Netball Invitational, held in March 2022, as we have since it started in 2012 and we supported the Community Bank Netball Challenge when Elmore played Lockington in June 2022. The Elmore, Lockington, Rochester and Mt Pleasant Football Netball Clubs were each recipients of $1,000 contributions towards EFTPOS machines that will help them operate without cash.

We also threw our support behind the 2022 Rochester Mural Festival, a Sausage Making Competition at the Australian Sheep & Wool Show, the Elmore Harness Racing Cup and the Rochester Business Network's Christmas Market.

During the year we also celebrated a milestone for our Rochester branch – it turned 10 in October 2021. While we weren't able to hold an event due to COVID-19 we celebrated with 10 random acts of kindness completed throughout the community - including free coffee and cookies for customers; free books for local kids; free toys for local pets; flowers and gift cards for randomly selected customers; and free coffees for Rochester and Elmore District Hospital staff.

Team efforts

We remain a committed team at Lockmore Financial Services and it is our passion for our communities that motivates us to provide our customers and our community with wonderful service.

Our branch staff team have maintained a positive outlook through challenging COVID-19 and staffing conditions to ensure that our customers have access to the banking services they need. We said goodbye to our former Branch Manager – Alex Rosaia – during the year and on behalf of the Board I thank him for the role he played in reinvigorating our team and supporting them through times of uncertainty and change. Later in the year we welcomed James Pietromonaco as our new Branch Manager and he has settled in quickly to establish a clear vision and stable leadership for our staff team.

Sponsorship & Grant Recipients

Through two rounds of our Community Sponsorship Program & the Elmore Field Days Sustainability Grant Program, we helped to support the important work of a number of our local organisations including:

Elmore Memorial Hall
Corop Cemetery Trust
Bamawm Recreation Reserve
Lockington & District Bush Nursing Centre
Elmore Bowls Club - Ladies
Rochester Football Netball Club
Strathallan Family Landcare
Calivil Bowling Club
Committee 4 Rochester
Lockington Bamawm United Football Netball Club
Rochester Netball Invitational
Rochester Lawn Tennis Club
Rochester & Elmore District Health Service
Rochester Golf Club
Elmore Football Netball Club
Lockington Golf Club
Lockington Senior Citizens
Rochester Community House
Bamawm Extension Fire Brigade
Bamawm Lockington United Cricket Club
Campaspe Golf Club
Lockington Basketball Club
Bamawm Ladies Badminton
Lockington Kindergarten
Lockington Action Club
Australian Sheep Breeders
Lockington Bowls Club
Elmore Harness Racing
Lockington Consolidated School
Rochester Business Network
Athenaeum Hall
Elmore District Health Services Auxillary
Elmore Fire Brigade Ladies Auxillary
Elmore Primary School
Elmore and District Preschool
Elmore Progress Association
Elmore Scout Group
Goornong Recreation Reserve
Kamarooka Community Club
Lions Club of Elmore
OLSH School
Rochester Pony Club
Rochester Secondary College
St Joseph's Primary School Parents & Friends

Chair's report (continued)

While our branch staff have been visible to our customers across the counter, there are others who have worked behind the scenes to keep our company running smoothly: most notably our Executive Officer, Lauren Ross, and our Business Consultant, Leo Bruinier. Lauren joined Lockmore Financial Services early in the financial year with extensive banking and board experience to help us plan for the future, reach out to our partners and communities and ensure that company matters are in order.

I also wish to extend a sincere thank you to the Directors who have helped to guide Lockmore Financial Services through the challenges of the year. In particular I recognise the significant contribution of Anna Trewick who retired at our AGM last year after being a Director for three years.

Looking forward

As interest rates increase from record lows we expect to see growth in our revenue, provided that we can maintain and grow our banking business in an environment where customers are looking for the best deal.

We are buoyed by the prospect of stronger results in the future and the opportunities that may come with those. However, we know that to maintain growth we must keep our focus firmly on the needs of our customers and our communities to maintain our point of difference – providing a return to the communities that support us. At a glance our future priorities are to become more responsive and mobile; reinvigorate our presence in Elmore and Lockington and continue to service strong demand in Rochester – where we are the last remaining bank; and continue to enhance our rural presence in partnership with Rural Bank.

A special thanks (as always)

Thank you to our shareholders who invested to get us off the ground and to our customers who choose to bank with us. The collective community impact, headlined by a community return of $2.15 million to date, makes it clear that it matters where you bank because when you bank with us, you are part of creating great things in your community.

This is your bank – the only one with a physical presence in your community – and we need you to be our vocal supporters and encourage everyone to get on board so that we can realise the potential that the future holds.

Brad Drust
Chair

Manager's report

For year ending 30 June 2022

You're directly responsible for the $2.15 million dollars that's been returned to our communities since our establishment in 2003. Your banking makes a difference and you should be proud of the changes you've made to the community groups in your towns, just by banking with us.

It is with pleasure that I present my first Branch Manager's report for Lockmore Financial Services Limited.

I commenced my role in May of 2022 and it has been a fantastic couple of months. I'd like to thank the Lockmore Directors, staff and broader community for being so welcoming.

As at June 2022, Community Bank Elmore, Lockington and Rochester have 4,322 customers that hold 6,782 accounts, and as always our team would like to extend a big thank-you to these account holders. You're directly responsible for the $2.15 million dollars that's been returned to our communities since our establishment in 2003. Your banking makes a difference and you should be proud of the changes you've made to the community groups in your towns, just by banking with us.

At the end of the 2021-22 financial year, the combined branch's business is noted as:

Total Loans	$76.2 million
Total Deposits	$148.9 million
Wealth Products	$28.1 million
Other Business	$2.6 million
Total Business	**$255.8 million**

Throughout the year, we have seen a number of changes in our staffing team. Sadly we said goodbye to our previous Branch Manager, Alex Rosaia, after over three years of service to our communities. Alex has moved on to become the Senior Branch Manager of Bendigo Bank's three branches in Bendigo. Alison Cooper (Assistant Branch Manager) and Tish Serpell (Customer Service Officer) also left to pursue work-from-home opportunities within Bendigo Bank, and Kahlia Elliott (Customer Relationship Manager) moved on to become a full-time stay at home Mum. I'd like to thank Alex, Alison, Tish and Kahlia for their service to our communities and wish them all the very best with their future endeavours.

With change comes great opportunity, and it was wonderful to welcome Morghan Cairns (Customer Service Officer Trainee) & Brock Harvey (Customer Service Officer) to our branch team. We were fortunate to be in a position where the skills and experience to fill some vacancies were available internally; and with that I'm pleased to congratulate Kerri McPhee on her promotion to Customer Relationship Manager, Lily Wareham on her promotion to Customer Relationship Officer and Georgia Waters on her promotion to Customer Service Officer.

The above changes complement our existing team of Helen McCaskie, Tanya Niven, Wendy Wright, Fiona Cuttriss, Lauren McKee and Lily Wareham. Our team is knowledgeable, professional and always happy to go above and beyond for our customers. As a fun fact; between us, we have over 100 years of banking experience!

In addition to our frontline, there is a lot that goes on behind the scenes. I'd like to thank Lauren Ross (Executive Officer) and Leo Bruinier (Business Consultant) for their ongoing support, our volunteer Board of Directors for their passion and drive to make a difference in our communities and our shareholders who continue to support the needs of financial services in our towns. Our Regional Managers Dylan Villani and Kendall Beattie and our Rural Regional Manager Donna Slevin have been integral to our success and deserve a big thanks also.

As always, my biggest thanks goes to our customers. Without you, none of this is possible. It's thanks to you that we can offer community sponsorships and grants, pay dividends to our local shareholders and provide local employment opportunities. $2.15 million in total contributions is an amazing number, and this will continue to grow with your support.

James Pietromonaco
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Bradley Adrian Drust

Title: Chair

Experience and expertise: Almost 20 years' experience in natural resource management in technical and management roles. Currently Chief Executive Officer at the North Central Catchment Management Authority, leading the organisation to deliver a range of community, environment and compliance programs. Bachelor of Arts (Geography) / Bachelor of Science (Environmental Science) and Masters of Business Administration. Also Chairperson of the Elmore Swimming Pool Committee Inc and Director with Rochester and Elmore District Health Service.

Special responsibilities: Chair, Human Resources and Risk & Audit

Joseph Hugh Holloway

Title: Non-executive director

Experience and expertise: Studied Bachelor of Agriculture Science at CSU Wagga Wagga. Currently Key accounts Manager at Semex Pty Ltd. Committee member of LBU Football Netball Club and BLU Cricket Club.

Special responsibilities: Vice Chair

Ian Anthony Maddison

Title: Non-executive director

Experience and expertise: Principal of Maddison Livestock & Property Pty Ltd (2002 - 2018), managing 10 full time and part time employees. Business Manager of Gippsland & Northern / Dalgety's / Wesfarmers Echuca (1992 - 2002). Dairy Farmer from 1980 to 1990. Committee member of Lockington Bamawm United Football Netball Club Inc. including 3 years as President. Two terms as Campaspe Shire Councillor, including two years as Mayor. Eighteen month Board member for Echuca Community For the Aged. Married to Kathi for 46 years with 5 children and 11 grandchildren.

Special responsibilities: Nil

Julianne Mary Hand

Title: Non-executive director

Experience and expertise: Secretary of Rochester Motoring Club. Retired from Social Work team at Echuca Regional Health. Past Secretary of the Rochester Community House.

Special responsibilities: Human Resources

Directors (continued)

James David Hodgens

Title: Non-executive director

Experience and expertise: I have worked in education for 17 years, initially as a teacher and more recently as a principal. I have taught in country Victoria, the United Kingdom and remote Northern Territory. I have been the principal of Lockington Consolidated School for two years.

Special responsibilities: Risk & Audit

Barbara Leanne Holmberg

Title: Non-executive director

Experience and expertise: Bank teller. Registered nurse having worked in Elmore, Lockington and Rochester. Bachelor of Health Science. Level 2 yoga instructor and small business operator. Farm partnership. Involved in past with Lockington Preschool and primary school committees. Rochester Secondary College P & F committee. Elmore Netball Club, Tuesday Tennis committee and Friends of the Cemetery.

Special responsibilities: Risk & Audit

Annemarie Martin Trewick

Title: Non-executive director (resigned 28 October 2021)

Experience and expertise: Over 20 years working in various roles in the rural water industry. Owner of Riverine Gluten Free and partner in her husband's family farm, doing the accounts. Member of the Ag Art committee (Elmore Field Days), assisted the EFNC to obtain new lighting and have many roles in the local Primary School, Preschool, EFD catering and now running own small business.

Special responsibilities: Human Resources, Marketing

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

Company secretary

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

- Lauren Chelsea Ross was appointed company secretary on 13 September 2021.
- Sandra Joy Wade was appointed company secretary on 20 March 2019 and ceased on 13 September 2021.

Experience and expertise: Lauren has worked in banking and financial services for over 10 years, with experience at 3 different financial institutions. She holds a Bachelor of Commerce from the University of Melbourne (graduating in 2012) and Certificates III & IV in Financial Services. Lauren is also a Director at Access Australia Group Limited – a disability services provider.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to $123,081 (30 June 2021: $65,431).

Operations have continued to perform in line with expectations.

Dividends

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

	2022 $
Fully franked dividend of 4.5 cents per share	71,517

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

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

Meetings of directors

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

	Board	
	Eligible	Attended
Bradley Adrian Drust	11	11
Ian Anthony Maddison	11	9
Julianne Mary Hand	11	9
James David Hodgens	11	9
Joseph Hugh Holloway	11	11
Barbara Leanne Holmberg	11	9
Annemarie Martin Trewick	4	4

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year $	Changes $	Balance at the end of the year $
Bradley Adrian Drust	-	-	-
Ian Anthony Maddison	-	-	-
Julianne Mary Hand	-	-	-
James David Hodgens	-	-	-
Joseph Hugh Holloway	-	-	-
Barbara Leanne Holmberg	1,000	-	1,000
Annemarie Martin Trewick	3,000	-	3,000

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

Non-audit services (continued)

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

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

Auditor's independence declaration

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

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

On behalf of the directors

Bradley Adrian Drust
Chair

12 September 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of Lockmore 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: 12 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	1,309,886	1,304,967
Other revenue	7	51,036	92,917
Finance revenue		2,190	4,114
Employee benefits expense	8	(758,260)	(804,234)
Advertising and marketing costs		(16,236)	(12,754)
Occupancy and associated costs		(30,024)	(30,204)
System costs		(58,567)	(63,078)
Depreciation and amortisation expense	8	(93,612)	(88,764)
Finance costs	8	(15,516)	(13,411)
General administration expenses		(129,006)	(145,859)
Profit before community contributions and income tax expense		**261,891**	**243,694**
Charitable donations and sponsorships expense		(96,120)	(165,679)
Profit before income tax expense		**165,771**	**78,015**
Income tax expense	9	(42,690)	(12,584)
Profit after income tax expense for the year	**20**	**123,081**	**65,431**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**123,081**	**65,431**
		Cents	**Cents**
Basic earnings per share	28	7.74	4.12
Diluted earnings per share	28	7.74	4.12

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

Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	763,451	677,208
Trade and other receivables	11	155,671	121,693
Total current assets		**919,122**	**798,901**
Non-current assets			
Property, plant and equipment	12	172,923	211,522
Right-of-use assets	13	311,020	153,407
Intangibles	14	113,768	13,482
Deferred tax assets	9	21,722	19,878
Total non-current assets		**619,433**	**398,289**
Total assets		**1,538,555**	**1,197,190**
Liabilities			
Current liabilities			
Trade and other payables	15	85,259	48,052
Lease liabilities	16	32,320	33,080
Current tax liabilities	9	38,572	7,422
Employee benefits	17	81,226	92,232
Total current liabilities		**237,377**	**180,786**
Non-current liabilities			
Trade and other payables	15	92,447	-
Lease liabilities	16	326,138	173,064
Employee benefits	17	2,187	10,677
Provisions	18	54,270	58,091
Total non-current liabilities		**475,042**	**241,832**
Total liabilities		**712,419**	**422,618**
Net assets		**826,136**	**774,572**
Equity			
Issued capital	19	1,344,664	1,344,664
Accumulated losses	20	(518,528)	(570,092)
Total equity		**826,136**	**774,572**

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

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020		1,344,664	(564,006)	780,658
Profit after income tax expense		-	65,431	65,431
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(71,517)	(71,517)
Balance at 30 June 2021		**1,344,664**	**(570,092)**	**774,572**
Balance at 1 July 2021		1,344,664	(570,092)	774,572
Profit after income tax expense		-	123,081	123,081
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(71,517)	(71,517)
Balance at 30 June 2022		**1,344,664**	**(518,528)**	**826,136**

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

Statement of Cash Flows
for the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,442,738	1,530,451
Payments to suppliers and employees (inclusive of GST)		(1,218,154)	(1,335,416)
		224,584	**195,035**
Interest received		2,203	3,998
Income taxes refunded/(paid)		(13,384)	2,952
Net cash provided by operating activities	**27**	**213,403**	**201,985**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,611)	(46,040)
Payments for intangibles		(28,014)	-
Proceeds from disposal of property, plant and equipment		27,273	-
Net cash used in investing activities		**(3,352)**	**(46,040)**
Cash flows from financing activities			
Dividends paid	22	(71,517)	(71,517)
Repayment of lease liabilities	16	(52,291)	(42,234)
Net cash used in financing activities		**(123,808)**	**(113,751)**
Net increase in cash and cash equivalents		86,243	42,194
Cash and cash equivalents at the beginning of the financial year		677,208	635,014
Cash and cash equivalents at the end of the financial year	**10**	**763,451**	**677,208**

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

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

The financial statements cover Lockmore 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	Principal place of business
62 Railway Place, Elmore VIC 3558	62 Railway Place, Elmore VIC 3558
	9-11 Lockington Road, Lockington VIC 3563
	24 Gillies Street, Rochester VIC 3561

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

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Note 3. Significant accounting policies (continued)

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.

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

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.

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	987,596	1,023,175
Fee income	104,110	88,293
Commission income	218,180	193,499
Revenue from contracts with customers	**1,309,886**	**1,304,967**

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.

Note 6. Revenue from contracts with customers (continued)

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 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.

Note 6. Revenue from contracts with customers (continued)

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

Note 7. Other revenue

	2022 $	2021 $
Net gain on disposal of property, plant and equipment	21,036	-
Market development fund	30,000	55,417
Cash flow boost	-	37,500
Other revenue	**51,036**	**92,917**

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).
Net gain on disposal of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

Cash flow boost

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	13,943	9,740
Plant and equipment	6,178	6,676
Motor vehicles	14,852	9,554
	34,973	**25,970**
Depreciation of right-of-use assets		
Leased land and buildings	**27,655**	**31,407**
Amortisation of intangible assets		
Franchise fee	4,410	4,476
Franchise renewal process fee	22,047	22,384
Other intangible assets	4,527	4,527
	30,984	**31,387**
	93,612	**88,764**

Finance costs

	2022 $	2021 $
Lease interest expense	12,973	10,699
Unwinding of make-good provision	2,543	2,712
	15,516	**13,411**

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	664,183	689,524
Non-cash benefits	3,734	5,747
Superannuation contributions	62,082	66,399
Expenses related to long service leave	(9,903)	14,559
Other expenses	38,164	28,005
	758,260	**804,234**

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**23,509**	**24,524**

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	44,534	12,404
Movement in deferred tax	(1,844)	(615)
Reduction in company tax rate	-	795
Aggregate income tax expense	**42,690**	**12,584**
Prima facie income tax reconciliation		
Profit before income tax expense	165,771	78,015
Tax at the statutory tax rate of 25% (2021: 26%)	41,443	20,284
Tax effect of:		
Non-deductible expenses	1,247	1,255
Non-assessable income	-	(9,750)
Reduction in company tax rate	-	795
Income tax expense	**42,690**	**12,584**

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(24,810)	(33,804)
Employee benefits	20,853	25,727
Provision for lease make good	13,568	14,523
Accrued expenses	1,000	1,000
Income accruals	(749)	(752)
Lease liabilities	89,615	51,536
Right-of-use assets	(77,755)	(38,352)
Deferred tax asset	**21,722**	**19,878**

	2022 $	2021 $
Provision for income tax	**38,572**	**7,422**

Accounting policy for income tax

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

Accounting policy for current tax

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

Note 9. Income tax (continued)

Accounting policy for deferred tax

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	463,451	377,208
Term deposits	300,000	300,000
	763,451	**677,208**

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	**141,295**	**107,121**
Accrued income	2,991	3,009
Prepayments	11,385	11,563
	14,376	**14,572**
	155,671	**121,693**

Accounting policy for trade and other receivables

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	326,281	326,281
Less: Accumulated depreciation	(207,250)	(193,307)
	119,031	**132,974**
Plant and equipment - at cost	160,437	157,826
Less: Accumulated depreciation	(141,918)	(135,740)
	18,519	**22,086**
Motor vehicles - at cost	45,623	87,770
Less: Accumulated depreciation	(10,250)	(31,308)
	35,373	**56,462**
	172,923	**211,522**

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	142,714	28,347	20,393	191,454
Additions	-	415	45,623	46,038
Depreciation	(9,740)	(6,676)	(9,554)	(25,970)
Balance at 30 June 2021	**132,974**	**22,086**	**56,462**	**211,522**
Additions	-	2,611	-	2,611
Disposals	-	-	(6,237)	(6,237)
Depreciation	(13,943)	(6,178)	(14,852)	(34,973)
Balance at 30 June 2022	**119,031**	**18,519**	**35,373**	**172,923**

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	4 to 22 years
Plant and equipment	1 to 40 years
Motor vehicles	5 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.

Note 12. Property, plant and equipment (continued)

The company's review of estimates resulted in changes in the useful life of some of the leasehold improvements of Elmore, Lockington and Rochester Branches. The useful life's had previously been assessed as 40 years from their respective depreciation commencement dates which resulted in useful life end dates ranging from 2043 to 2053. These have now been aligned with the applicable lease terms of each Branch lease which has accelerated depreciation. The revised useful life end dates now range from 2024 to 2033. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 $	2023 $	2024 $	2025 $	2026+ $
(Decrease) increase in depreciation expense	5,355	5,355	4,894	3,970	(19,574)

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	624,708	439,440
Less: Accumulated depreciation	(313,688)	(286,033)
	311,020	**153,407**

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	184,814	184,814
Depreciation expense	(31,407)	(31,407)
Balance at 30 June 2021	**153,407**	**153,407**
Remeasurement adjustments	185,268	185,268
Depreciation expense	(27,655)	(27,655)
Balance at 30 June 2022	**311,020**	**311,020**

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	130,862	108,984
Less: Accumulated amortisation	(111,901)	(107,491)
	18,961	**1,493**

Note 14. Intangibles (continued)

	2022 $	2021 $
Franchise renewal fee	304,314	194,922
Less: Accumulated amortisation	(209,507)	(187,460)
	94,807	**7,462**
Establishment fee	70,000	70,000
Less: Accumulated amortisation	(70,000)	(70,000)
	-	-
Other intangible assets - Agency payout Rochester	13,580	13,580
Less: Accumulated amortisation	(13,580)	(9,053)
	-	**4,527**
	113,768	**13,482**

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

	Franchise fee $	Franchise renewal fee $	Other intangible assets - Agency payout Rochester $	Total $
Balance at 1 July 2020	5,969	29,846	9,054	44,869
Amortisation expense	(4,476)	(22,384)	(4,527)	(31,387)
Balance at 30 June 2021	**1,493**	**7,462**	**4,527**	**13,482**
Additions	21,878	109,392	-	131,270
Amortisation expense	(4,410)	(22,047)	(4,527)	(30,984)
Balance at 30 June 2022	**18,961**	**94,807**	**-**	**113,768**

Additions

During the current financial year, Rochester and Elmore/Lockington franchise fees were renewed. Both are to be amortised over five years to October 2026.

Accounting policy for intangible assets

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	October 2026
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)	October 2026
Other intangible assets	Straight-line	3 years	June 2022

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

Note 14. Intangibles (continued)

Change in estimates

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

Note 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	33,814	24,447
Other payables and accruals	51,445	23,605
	85,259	**48,052**
Non-current liabilities		
Other payables and accruals	**92,447**	**-**

Accounting policy for trade and other payables

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

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

Note 16. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	46,589	42,234
Unexpired interest	(14,269)	(9,154)
	32,320	**33,080**
Non-current liabilities		
Land and buildings lease liabilities	400,796	214,885
Unexpired interest	(74,658)	(41,821)
	326,138	**173,064**

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	206,144	237,679
Remeasurement adjustments	191,632	-
Lease interest expense	12,973	10,699
Lease payments - total cash outflow	(52,291)	(42,234)
	358,458	**206,144**

Note 16. Lease liabilities (continued(

Maturity analysis

	2022 $	2021 $
Not later than 12 months	46,589	42,234
Between 12 months and 5 years	157,465	101,393
Greater than 5 years	243,331	113,492
	447,385	**257,119**

Accounting policy for lease liabilities

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

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

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

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

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:

Elmore branch	The lease agreement commenced in December 2008. A 5 year renewal option was exercised in December 2018. The company has 2 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is November 2033. The discount rate used in calculations is 4.79%.
Rochester branch	The lease agreement commenced in December 2013. A 5 year renewal option was exercised in December 2018. The company has 2 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is November 2033. The discount rate used in calculations is 3.54%.
Lockington branch	The lease agreement commenced in March 2014. A 5 year renewal option was exercised in March 2019. The company has no renewal options available within the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is February 2024. The discount rate used in calculations is 4.79%.

Remeasurement adjustments

The main reason for the remeasurement adjustments during the period was due the company determining it is now reasonably certain for AASB 16: Leases purposes to exercise the extension options available for the Rochester branch lease. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred using the revised lease term end date of 30 November 2033. Other rental increases during the period also factored into the remeasurement adjustments.

Note 17. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	41,138	46,209
Long service leave	40,088	46,023
	81,226	**92,232**
Non-current liabilities		
Long service leave	**2,187**	**10,677**

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.

Note 18. Provisions

	2022 $	2021 $
Lease make good	**54,270**	**58,091**

Lease make good

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

Note 18. Provisions (continued)

Lease	Lease term expiry date per AASB 16	Estimated provisions
Elmore Branch	November 2033	$25,000
Lockington Branch	February 2024	$25,000
Rochester Branch	November 2033	$25,000

Accounting policy for provisions

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

Note 19. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	1,409,233	1,409,233	1,409,233	1,409,233
Bonus shares - fully paid (4:1)	179,994	179,994	-	-
Less: Equity raising costs	-	-	(64,569)	(64,569)
	1,589,227	**1,589,227**	**1,344,664**	**1,344,664**

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).

Note 19. Issued capital (continued)

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").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 694. As at the date of this report, the company had 756 shareholders (2021: 766 shareholders).

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

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

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

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

Note 20. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(570,092)	(564,006)
Profit after income tax expense for the year	123,081	65,431
Dividends paid (note 22)	(71,517)	(71,517)
Accumulated losses at the end of the financial year	**(518,528)**	**(570,092)**

Note 21. Capital management

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

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

The distribution limit is the greater of:

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

Note 21. Capital management (continued)

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

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

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

Note 22. Dividends

Dividends provided for and paid during the period

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

	2022 $	2021 $
Fully franked dividend of 4.5 cents per share	71,517	-
Unfranked dividend of 4.5 cents per share	-	71,517
	71,517	**71,517**

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	12,820	15,774
Franking credits (debits) arising from income taxes paid (refunded)	13,384	(2,954)
Franking debits from the payment of franked distributions	(23,839)	-
	2,365	**12,820**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	2,365	12,820
Franking credits (debits) that will arise from payment (refund) of income tax	38,572	7,422
Franking credits available for future reporting periods	**40,937**	**20,242**

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	144,286	110,130
Cash and cash equivalents	763,451	677,208
	907,737	**787,338**

Note 23. Financial instruments (continued)

	2022 $	2021 $
Financial liabilities		
Trade and other payables	177,706	48,052
Lease liabilities	358,458	206,144
	536,164	**254,196**

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 $763,451 at 30 June 2022 (2021: $677,208). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

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

Note 23. Financial instruments (continued)

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.

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2022				
Non-derivatives				
Trade and other payables	85,259	92,447	-	177,706
Lease liabilities	46,589	157,465	243,331	447,385
Total non-derivatives	**131,848**	**249,912**	**243,331**	**625,091**

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2021				
Non-derivatives				
Trade and other payables	48,052	-	-	48,052
Lease liabilities	42,234	101,393	113,492	257,119
Total non-derivatives	**90,286**	**101,393**	**113,492**	**305,171**

Note 24. Key management personnel disclosures

Directors

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

Bradley Adrian Drust
Ian Anthony Maddison
Julianne Mary Hand
James David Hodgens
Joseph Hugh Holloway
Barbara Leanne Holmberg
Annemarie Martin Trewick

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

Compensation

Key management personnel compensation comprised the following.

	2022 $	2021 $
Short-term employee benefits	**4,200**	**3,900**

Note 25. Related party transactions

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

Note 26. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	**6,500**	**6,300**
Other services		
Taxation advice and tax compliance services	1,695	2,000
General advisory services	2,130	2,720
Share registry services	8,731	5,728
	12,556	**10,448**
	19,056	**16,748**

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

	2022 $	2021 $
Profit after income tax expense for the year	123,081	65,431
Adjustments for:		
Depreciation and amortisation	93,612	88,764
Net gain on disposal of non-current assets	(21,036)	-
Lease liabilities interest	12,973	10,699
Change in operating assets and liabilities:		
Increase in trade and other receivables	(33,978)	(3,279)
Decrease/(increase) in deferred tax assets	(1,844)	8,115
Increase/(decrease) in trade and other payables	26,398	(366)
Increase in provision for income tax	31,150	7,422
Increase/(decrease) in employee benefits	(19,496)	19,775
Increase in other provisions	2,543	5,424
Net cash provided by operating activities	**213,403**	**201,985**

Note 28. Earnings per share

	2022 $	2021 $
Profit after income tax	123,081	65,431

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,589,227	1,589,227
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,589,227**	**1,589,227**

Note 28. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	7.74	4.12
Diluted earnings per share	7.74	4.12

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Lockmore 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

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Bradley Adrian Drust
Chair

12 September 2022

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of Lockmore Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lockmore 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 Lockmore 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.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 12 September 2022

Adrian Downing
Lead Auditor

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Bendigo Bank