Annual Report 2022

Logan Country Financial Services Limited

Logan Village

ABN 38 120 853 545

Contents

Chair’s report

For year ending 30 June 2022

Prior to writing this report, I reflected on last year’s report. Many of the issues that were raised then are still being dealt with now. Staffing, expenses and the continued connection with our community continues to be our focus.

During the last 12 months I want to thank all of the staff for their dedication and continued commitment to the business, customers and community. I would also like to extend my thanks to our Board, your effort and decision making during the difficult times has been exceptional. Luke took a 12 month leave of absence to focus on his business, with many weeks working the seven days. We look forward to when he can be back with the Board, as the insight he provides is valued by all.

2022 was another challenging year for the staff and Board of Logan Country Financial Services. The lease of Jimboomba and Logan Village came up for renewal. The Board, along with consultation from Bendigo Bank, made the difficult decision to close the Jimboomba branch and consolidate our staff and return to our base of Logan Village. The major decisions that were behind the closure were the continual drain of expenses for Jimboomba and the impact it had on our bottom line. The business could no longer sustain the monthly losses for Jimboomba which has an impact on our key goals which is returning dividends to our shareholders and having a strong business model for our local communities.

Closing the Jimboomba branch in March, was the turnaround the business needed and the results on our cashflow was immediate. Although the pressure on our staff continued, due to the COVID-19 restrictions still in place during the first half of the year, the Board accepted the resignation of our Business Development Manager, Kirsty Foxlee and searching for a quality candidate continues.

We have renewed hope for the future of Logan Country Financial Services and look forward to working with the staff, customers and our community to have a greater impact, especially with challenges ahead.

With the consolidation of the business we are taking the opportunity to give the Logan Village branch a refurbishment, starting with the signage and hope you, our shareholders, can see the changes over the next six months when you visit the branch.

We are always on the lookout for like-minded people to join the Board, so if you know of anyone interested in volunteering please let them know.

With the support of our staff, Bendigo and our customers we look forward to the year ahead, but we understand challenges will continue and we will all do our best to rise to the challenge and come out stronger.

Sonia Hasted
Chair

Manager's report

For year ending 30 June 2022

The Branch Manager offers the following report on the significant achievements of our Community Bank for the year ended 30 June 2022;

It has been a challenging but satisfying year for the Bank in the last Financial Year.

I begin my reflecting upon the environment in which we operated throughout 2021-22, a year in which we collectively and mistakenly believed that the worst of the COVID-19 Pandemic had passed us by, only to also understand that COVID-19 would bring further disruption. You are all aware of the effect of various lockdowns upon Business and Consumer Confidence, and the corresponding effects upon the Real Estate Market and related circumstances. Our local Community Bank was not immune from these impacts, and we, like all businesses confronted 'head-on' the challenges of immunising our workforce to protect our Community and customers and our colleagues from COVID-19, while simultaneously maintaining continuity of service with our Jimboomba and Logan Village branches. You will be aware, that these circumstances flowed through to housing, construction and real estate markets, and while we were able to pass on the benefits to our customers of the lowest home-lending interest rates since the 1960s, service-delivery in a constrained labour market, together with constraints in growing Home-lending made the year a challenging one.

There were significant insights gained however. We took the opportunity to get closer with our Community and our customers to understand their banking needs and wants. We listened when our customers told us that they were looking for a range of banking conveniences in order to conduct their business, complete their banking transactions and simultaneously keep their family and community safe from COVID-19 and we responded with an increased effort in supporting our customers to bank online, with their phones and devices and by remote means. We consolidated our footprint, retained our wonderful team and we supplemented our Jimboomba location with increased mobility through Mobile Lending and mobile banking services, with two motor vehicles meaning we are more accessible and more mobile than we've ever been before.

Despite these challenges, our superior customer service was uninterrupted. The figures supporting our efforts to take Banking to our Community speak for themselves;

While our Lending only grew marginally throughout the year to $53,852,330, Home-Lending assets grew by $1,632,285 and our deposit holdings grew by an amazing $17,112,403, to deliver aggregated growth in our 'Book' of $17,416,515. This means we delivered 99.43% of our Targeted growth, in what was likely the most challenging year in the history of Community Bank Logan Village.

Importantly, our branch customers continued to receive our renowned wonderful service, and our Community Bank Logan Village alone processed an amazing 9,211 transactions totalling $53 million.

The achievement we are most proud of however is that our commitment to, and support of the Logan Village and surrounding Community remained steadfast. Notwithstanding the challenges of COVID-19 and associated impacts, our Community involvement remained solid. This was evidenced by our support of;

- Halloween Haunted maze,
- the Flagstone Community Association,
- Christmas Market & movie night at Village Green,
- Logan Regional Chamber of Commerce,
- Remembrance Day at Logan Village RSL & Jimboomba RSL, and
- Neighbourhood Day at Village Green, also,

- The Easter Egg Hunt at Flagstone,
- Anzac day Stall with RSL members at Coles Yarrabilba and,
- Anzac Day at Logan Village RSL through volunteering and provision of eftpos machines.

In addition we supported Logan Village State School Arts Presentation Night through the sponsorship of an award "Senior Musician" of the year, the wonderful Rockin' Jimmies Car Show & Markets at Jimboomba and the Anglican church Jimboomba, as well as Opening night for Crunchy's Dessert Café Jimboomba to Invite new business Customers to the Community. These are just a few of the ways we work as part of the Community to feed into the prosperity and not feed off it.

This year has also brought changes in our team; we welcomed new staff to our team and farewelled others, but in spite of the changes to our team, our focus remained on the customer and putting the customer at the centre of everything we do. We could not have returned such great results and support to the Community without the loyalty of our customers, Local people who share our ideas of putting back into the Community.

Of course we couldn't talk about putting back into the Community without acknowledging the support of our hard-working, voluntary Board! Led by Sonia Hasted, who's strategic leadership has guided Community Bank Logan Village through the most challenging year in our history. Without their unwavering and steady support, care for our Community and our team we could never re-invest in our Community in the way we have.

And as for the future; The forthcoming year for your Bank looks bright! With continuing upward pressure of interest rates, and close to full employment in the economy, Revenue-share and return on equity continues to rise. While increasing costs in the economy will likely constrain lending further, we will remain competitive with the Big 4 Banks and most importantly, we are confident that we will win hands-down where it counts most, namely in the outstanding service we provide to our customers.

Phillip Bell
Regional 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:

Name:	Sonia Jane Hasted
Title:	Chair
Experience and expertise:	Flagstone Netball Club Secretary 2018 - Volunteer Position. Emmaus College P & F 2nd Hand Uniform Shop Co-Ordinator - Volunteer Position. Previous experience 10 years Manager Simply Signs Australia, Project Management. Qualifications - Certificate IV in Business and Diploma of Business. Qualifications - Diploma Of Management & Diploma of Marketing. Coach AB Paterson College Netball Team 2019 and 2021 - Volunteer position.
Special responsibilities:	Business Development & Marketing Committee and Cluster Representative - LCFS, Acting Treasurer.

Name:	Vasi Danbury
Title:	Non-executive director
Experience and expertise:	Vasi is an extremely competent teacher and leader having worked at Tennant Creek High School as an Executive Teacher 2/ Head Teacher of the Social Studies section. Vasi took advantage of every opportunity that came her way to learn about her chosen career and improve her teaching skills. In the role, she mentored teachers and supported students and her team knew they could rely on her. Vasi has an enthusiasm and true commitment to each of her students, which she brings to the Board. Vasi has worked in various QLD schools, including Ayr State High School and Windaroo Valley State High School. She is currently working with disadvantaged and marginalised students as part of the hardworking team of teachers at the South East Region Learning College, Helensvale campus. Vasi believes the youth in the community have valuable skills to offer and is keen to develop positive relationships with local schools. Developing the Junior Board position is something that Vasi is interested in to highlight the talented young people in the community. Vasi is an active member of her community. A frequent volunteer and participant at Yarrabilba parkrun, she also volunteers for the Cancer Council. Vasi looks forward to meeting many more members in her community as a Board member and building positive relationships with community groups.
Special responsibilities:	Community Engagement Committee.

Name:	Shane Lindsay Drew
Title:	Non-executive director
Experience and expertise:	Shane is a sign manufacturer and installer. He is Secretary of the Beenleigh Yatala Chamber of Commerce. He was self employed for the majority of his working life. He is a Managing Director of Drew Sign It Pty Ltd and a Former Board member on Club Beenleigh.
Special responsibilities:	Nil.

Name:	Jae William Martin
Title:	Non-executive director
Experience and expertise:	Current owner/operator of Mondaze and Mondaze Media. He has a broad skillset in communication, managing teams, working with clients, organising community events, marketing, branding and day to day business operations.
Special responsibilities:	Nil.

Name:	Luke Andrew Douglas
Title:	Non-executive director
Experience and expertise:	Previous occupations include Personal Training Supervisor, Manager Area Manager. Gym Manager. Business Owner. Currently working as Director and General Manager of Yarrabilba Basketball Inc. Luke has 11 years of management and team development experience, two years experience in governance. Education includes Bachelor of Exercise and Sports Science, Masters in Business Administration and currently studying a Masters in Analytics at UNSW.
Special responsibilities:	Community Engagement Committee.

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

Company secretary
The Company secretary is Vasi Danbury. Vasi was appointed to the position of Company secretary on 26 March 2020.

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 $48,926 (30 June 2021: loss of $89,157).

Operations have continued to perform in line with expectations in challenging market conditions for most of the financial year. The profit/ (loss) of the company for the financial year after provision for income tax was:

	2022 **$**	**2021** **$**
Profit/ (loss) before income tax	65,235	(114,858)
Income tax credit	(16,309)	25,701
Profit after income tax	48,926	(89,157)

Significant changes in the state of affairs
During the period the board made the decision to close the Jimboomba branch in April 2022.

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

Matters subsequent to the end of the financial year
Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

No other 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
Sonia Jane Hasted	11	11
Vasi Danbury	11	10
Shane Lindsay Drew	11	10
Jae William Martin	11	7
Luke Andrew Douglas*	11	4

* Leave of absence from February - June.

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

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Sonia Jane Hasted	500	-	500
Vasi Danbury	-	-	-
Shane Lindsay Drew	-	-	-
Jae William Martin	-	-	-
Luke Andrew Douglas	-	-	-

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.

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.

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

Sonia Jane Hasted
Chair

14 October 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

As lead auditor for the audit of Logan Country Financial Services Ltd 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: 14 October 2022

Adrian Downing
Lead Auditor

Financial statements

Logan Country Financial Services Ltd
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	927,250	897,666
Other revenue	7	26,250	35,000
Finance revenue		326	1,247
Gain on remeasurement of right-of-use assets	8	39,823	-
Employee benefits expense	9	(598,581)	(718,074)
Advertising and marketing costs		(4,311)	(21,590)
Occupancy and associated costs		(47,197)	(39,108)
System costs		(42,453)	(48,344)
Depreciation and amortisation expense	9	(110,580)	(81,766)
Finance costs	9	(12,423)	(21,133)
General administration expenses		(108,954)	(114,349)
Profit/(loss) before community contributions and income tax (expense)/benefit		69,150	(110,451)
Charitable donations and sponsorships expense		(3,915)	(4,407)
Profit/(loss) before income tax (expense)/benefit		65,235	(114,858)
Income tax (expense)/benefit	10	(16,309)	25,701
Profit/(loss) after income tax (expense)/benefit for the year	21	48,926	(89,157)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		48,926	(89,157)
		Cents	**Cents**
Basic earnings per share	28	7.81	(14.24)
Diluted earnings per share	28	7.81	(14.24)

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

Logan Country Financial Services Ltd
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	11	109,882	74,825
Trade and other receivables	12	39,985	16,524
Total current assets		149,867	91,349
Non-current assets			
Property, plant and equipment	13	31,684	108,847
Right-of-use assets	14	152,390	253,022
Intangibles	15	57,555	8,096
Deferred tax assets	10	78,958	95,265
Total non-current assets		320,587	465,230
Total assets		470,454	556,579
Liabilities			
Current liabilities			
Trade and other payables	16	30,683	5,374
Borrowings	17	-	21,373
Lease liabilities	18	21,595	60,369
Total current liabilities		52,278	87,116
Non-current liabilities			
Trade and other payables	16	45,967	-
Lease liabilities	18	161,720	300,098
Provisions	19	7,211	15,013
Total non-current liabilities		214,898	315,111
Total liabilities		267,176	402,227
Net assets		203,278	154,352
Equity			
Issued capital	20	626,108	626,108
Accumulated losses	21	(422,830)	(471,756)
Total equity		203,278	154,352

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

Logan Country Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020	626,108	(382,599)	243,509
Loss after income tax benefit	-	(89,157)	(89,157)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(89,157)	(89,157)
Balance at 30 June 2021	626,108	(471,756)	154,352

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021	626,108	(471,756)	154,352
Profit after income tax expense	-	48,926	48,926
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	48,926	48,926
Balance at 30 June 2022	626,108	(422,830)	203,278

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

Logan Country Financial Services Ltd
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)		1,029,888	1,039,422
Payments to suppliers and employees (inclusive of GST)		(895,209)	(1,068,981)
		134,679	(29,559)
Interest received		326	1,247
Interest and other finance costs paid		(146)	(171)
Net cash provided by/(used in) operating activities	27	134,859	(28,483)
Cash flows from investing activities			
Payments for intangibles		(13,930)	(13,880)
Payments for right-of-use assets		-	(16,968)
Net cash used in investing activities		(13,930)	(30,848)
Cash flows from financing activities			
Repayment of lease liabilities	18	(64,499)	(72,085)
Proceeds from lease liabilities		-	18,990
Repayment of borrowings		-	(1,414)
Net cash used in financing activities		(64,499)	(54,509)
Net increase/(decrease) in cash and cash equivalents		56,430	(113,840)
Cash and cash equivalents at the beginning of the financial year		53,452	167,292
Cash and cash equivalents at the end of the financial year	11	109,882	53,452

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 2, 125 Wharf Street, Logan Village QLD 4207.

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 14 October 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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.

Note 5. Economic dependency (continued)

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	791,897	749,899
Fee income	75,407	82,927
Commission income	59,946	64,840
Revenue from contracts with customers	927,250	897,666

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2022 $	**2021 $**
Market development fund	26,250	35,000

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.

All revenue is stated net of the amount of GST.

Note 7. Other revenue (continued)

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.

Note 8. Gain on remeasurement of right-of-use assets

	2022 $	2021 $
Gain on remeasurement of right-of-use assets	39,823	-

As at 30 June 2022 the company is no longer operating from the Jimboomba Branch, as such the right-of-use asset for that branch has been remeasured to $0. As a result of the remeasurement an accounting gain was recognised.

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	75,212	13,164
Plant and equipment	1,951	2,110
	77,163	15,274
Depreciation of right-of-use assets		
Leased land and buildings	12,830	43,566
Leased motor vehicles	4,890	3,495
	17,720	47,061
Amortisation of intangible assets		
Franchise fee	2,500	6,000
Franchise renewal fee	13,197	13,431
	15,697	19,431
	110,580	81,766

Finance costs

	2022 $	2021 $
Bank loan interest paid or accrued	146	171
Lease interest expense	11,659	20,176
Unwinding of make-good provision	618	786
	12,423	21,133

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

Note 9. Expenses (continued)

Employee benefits expense

	2022 $	2021 $
Wages and salaries	472,076	558,486
Non-cash benefits	6,774	3,317
Superannuation contributions	52,492	56,559
Expenses related to long service leave	(1,517)	26,901
Other expenses	68,756	72,811
	598,581	718,074

Accounting policy for employee benefits
Bendigo Bank seconds employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	19,024	19,724

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 10. Income tax

	2022 $	2021 $
Income tax expense/(benefit)		
Movement in deferred tax	1,736	3,295
Reduction in company tax rate	-	3,811
Recoupment of prior year tax losses	14,573	-
Future income tax benefit attributable to losses	-	(32,807)
Aggregate income tax expense/(benefit)	16,309	(25,701)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	65,235	(114,858)
Tax at the statutory tax rate of 25% (2021: 26%)	16,309	(29,863)
Tax effect of:		
Non-deductible expenses	-	351
Reduction in company tax rate	-	3,811
Income tax expense/(benefit)	16,309	(25,701)

Note 10. Income tax (continued)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Carried forward tax losses	48,223	62,795
Property, plant and equipment	20,665	1,938
Provision for lease make good	1,803	3,753
Accrued expenses	43	43
Lease liabilities	41,820	84,267
Right-of-use assets	(33,596)	(57,531)
Deferred tax asset	78,958	95,265

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

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

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

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

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

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

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

Note 11. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	79,015	145
Term deposits	30,867	74,680
	109,882	74,825

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2022	2021
Balances as above	109,882	74,825
Bank overdraft (note 17)	-	(21,373)
Balance as per statement of cash flows	109,882	53,452

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 12. Trade and other receivables

	2022 $	2021 $
Trade receivables	29,256	11,874
Prepayments	10,729	4,650
	39,985	16,524

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 13. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	152,946	296,559
Less: Accumulated depreciation	(127,246)	(195,647)
	25,700	100,912
Plant and equipment - at cost	73,659	73,659
Less: Accumulated depreciation	(67,675)	(65,724)
	5,984	7,935
	31,684	108,847

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	114,076	10,045	9,425	133,546
Transfers in/(out)	-	-	(9,425)	(9,425)
Depreciation	(13,164)	(2,110)	-	(15,274)
Balance at 30 June 2021	100,912	7,935	-	108,847
Depreciation	(75,212)	(1,951)	-	(77,163)
Balance at 30 June 2022	25,700	5,984	-	31,684

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	5 to 9 years
Plant and equipment	2 to 7 years
Motor vehicles	8 years

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

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

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

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

The company's review of estimates resulted in change in the useful life of some of the Jimboomba branches leasehold improvements. 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 2054 to 2056. As the branch was closing during the period the useful life of the assets were significantly reduced accelerating depreciation for the period. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 $	**2023 $**	**2024 $**	**2025 $**	**2026+ $**
(Decrease) increase in depreciation expense	67,924	(3,591)	(3,591)	(3,591)	(57,151)

Note 14. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	322,263	657,748
Less: Accumulated depreciation	(187,880)	(427,623)
	134,383	230,125
Motor vehicles - right-of-use	39,122	39,122
Less: Accumulated depreciation	(21,115)	(16,225)
	18,007	22,897
	152,390	253,022

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

	Land and buildings $	Motor vehicles $	Total $
Balance at 1 July 2020	328,245	-	328,245
Additions	-	16,967	16,967
Remeasurement adjustments	(54,554)	-	(54,554)
Transfers in/(out)	-	9,425	9,425
Depreciation expense	(43,566)	(3,495)	(47,061)
Balance at 30 June 2021	230,125	22,897	253,022
Remeasurement adjustments	(82,912)	-	(82,912)
Depreciation expense	(12,830)	(4,890)	(17,720)
Balance at 30 June 2022	134,383	18,007	152,390

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

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

Refer to note 18 for more information on lease arrangements.

Note 15. Intangibles

	2022 $	2021 $
Establishment fees	165,602	165,602
Less: Accumulated amortisation	(165,602)	(163,102)
	-	2,500
Franchise fees	211,630	146,475
Less: Accumulated amortisation	(154,075)	(140,879)
	57,555	5,596
	57,555	8,096

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

	Establishment fee $	Franchise fees $	Total $
Balance at 1 July 2020	8,500	19,027	27,527
Amortisation expense	(6,000)	(13,431)	(19,431)
Balance at 30 June 2021	2,500	5,596	8,096
Additions	-	65,156	65,156
Amortisation expense	(2,500)	(13,197)	(15,697)
Balance at 30 June 2022	-	57,555	57,555

Additions
During the financial year, the Logan Village franchise fee was renewed. This is being amortised over five years to November 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 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 fees	Straight-line	Over the franchise term (5 years)	November 2026

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

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	1,991	4,253
Other payables and accruals	28,692	1,121
	30,683	5,374
Non-current liabilities		
Other payables and accruals	45,967	-

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

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

Note 17. Borrowings

	2022 $	2021 $
Current liabilities		
Bank overdraft	-	21,373

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2022 $	2021 $
Total facilities		
Bank overdraft	-	60,000
Used at the reporting date		
Bank overdraft	-	21,373
Unused at the reporting date		
Bank overdraft	-	38,627

Bank overdraft
The company removed their bank overdraft facilities during the period.

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

Note 18. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	21,232	69,889
Unexpired interest	(5,671)	(16,879)
Motor vehicle lease liabilities	6,440	8,085
Unexpired interest	(406)	(726)
	21,595	60,369
Non-current liabilities		
Land and buildings lease liabilities	175,168	319,943
Unexpired interest	(23,452)	(35,884)
Motor vehicle lease liabilities	10,349	16,789
Unexpired interest	(345)	(750)
	161,720	300,098

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	360,467	440,478
Additional lease liabilities recognised	-	26,452
Remeasurement adjustments	(124,312)	(54,554)
Lease interest expense	11,659	20,176
Lease payments - total cash outflow	(64,499)	(72,085)
	183,315	360,467

Maturity analysis

	2022 $	2021 $
Not later than 12 months	27,672	77,974
Between 12 months and 5 years	95,278	308,816
Greater than 5 years	90,239	27,916
	213,189	414,706

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

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

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

Note 18. Lease liabilities (continued)

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

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

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

The company's lease portfolio includes:

Logan branch	The lease agreement commenced in October 2006. A 5 year renewal option was exercised in October 2021. The company has a 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 September 2031. The discount rate used in calculations is 3.54%.
Jimboomba branch	The lease agreement was finalised during the current period due to the closure of the branch
Holden Cruze	During the prior period the company refinanced the final balloon payment for its Holden Cruze motor vehicle. The lease agreement is a non-cancellable term of 2 years. Upon the final payment the registered security over the motor vehicles is removed.
Suzuki Baleno	The lease agreement is a non-cancellable term of 4 years. The lease includes a balloon payment at which time the registered security over the motor vehicles is removed.

Remeasurement adjustments
During the period the company determined it was no longer reasonably certain to exercise the extension options available for the Jimboomba branch lease due to the planned closure of the branch. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred.

Note 19. Provisions

	2022 $	2021 $
Lease make good	7,211	15,013

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

The Jimboomba branch make good was paid during the period.

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 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	626,108	626,108	626,108	626,108

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- 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 160. As at the date of this report, the company had 163 shareholders (2021: 169 shareholders).

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

Note 20. Issued capital (continued)

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 21. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(471,756)	(382,599)
Profit/(loss) after income tax (expense)/benefit for the year	48,926	(89,157)
Accumulated losses at the end of the financial year	(422,830)	(471,756)

Note 22. Capital management

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

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

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

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

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

Note 23. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	29,256	11,874
Cash and cash equivalents	109,882	74,825
	139,138	86,699
Financial liabilities		
Trade and other payables	76,650	5,374
Lease liabilities	183,315	360,467
Bank overdrafts	-	21,373
	259,965	387,214

Accounting policy for financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings 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. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $109,882 at 30 June 2022 (2021: $74,825). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 23. Financial instruments (continued)

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

	2022		2021	
	Nominal interest rate %	**Balance $**	**Nominal interest rate %**	**Balance $**
Bank overdraft	-	-	2.04%	21,373
Net exposure to cash flow interest rate risk		-		21,373

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

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2022 $	**2021 $**
Bank overdraft	-	38,627

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	30,683	45,967	-	76,650
Lease liabilities	27,672	95,278	90,239	213,189
Total non-derivatives	58,355	141,245	90,239	289,839

Note 23. Financial instruments (continued)

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank overdraft	21,373	-	-	21,373
Trade and other payables	5,374	-	-	5,374
Lease liabilities	77,974	308,816	27,916	414,706
Total non-derivatives	104,721	308,816	27,916	441,453

Note 24. Key management personnel disclosures

The following persons were directors of Logan Country Financial Services Ltd during the financial year:

Sonia Jane Hasted
Vasi Danbury
Shane Lindsay Drew
Jae William Martin
Luke Andrew Douglas

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

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

Note 25. Related party transactions

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	5,200	5,000
Other services		
Taxation advice and tax compliance services	600	600
General advisory services	2,660	2,860
Share registry services	2,317	1,900
	5,577	5,360
	10,777	10,360

Note 27. Reconciliation of profit/(loss) after income tax to net cash provided by/(used in) operating activities

	2022 $	2021 $
Profit/(loss) after income tax (expense)/benefit for the year	48,926	(89,157)
Adjustments for:		
Depreciation and amortisation	110,580	81,766
Net gain on disposal of right of use asset	(39,823)	-
Lease liabilities interest	11,659	20,176
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(23,461)	13,829
Decrease/(increase) in deferred tax assets	16,307	(25,701)
Increase/(decrease) in trade and other payables	18,473	(30,182)
Increase/(decrease) in other provisions	(7,802)	786
Net cash provided by/(used in) operating activities	134,859	(28,483)

Note 28. Earnings per share

	2022 $	2021 $
Profit/(loss) after income tax	48,926	(89,157)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	626,108	626,108
Weighted average number of ordinary shares used in calculating diluted earnings per share	626,108	626,108
	Cents	**Cents**
Basic earnings per share	7.81	(14.24)
Diluted earnings per share	7.81	(14.24)

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Logan Country Financial Services Ltd, 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

Since the end of the year, the Reserve Bank of Australia (RBA) has increased the cash rate by 1.75 basis points moving from 0.85% at 30 June 2022 to 2.60% as at the date of signing these accounts. The increase in the cash rate has a direct impact on the revenue received by the company on its products (deposits and loans) offered to its customers. The company has noted a material increase in the revenue streams for the first couple of months July – August 2022.

No other 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

Sonia Jane Hasted
Chair

14 October 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 Logan Country Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Logan Country Financial Services Ltd (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 Logan Country Financial Services Ltd, 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: 14 October 2022

Adrian Downing
Lead Auditor

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Bendigo Bank