

# Annual Report 2022

Macedon Ranges  
Community Enterprises Ltd

Community Bank  
Gisborne & District

ABN 57 130 493 499



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# Chair's report

For year ending 30 June 2022



As a Community Bank we are genuinely there to service the banking/financial service needs of the whole community, deliver a return to our predominantly local shareholders, and invest in and support community growth, prosperity and general wellbeing.

Welcome to Macedon Ranges Community Enterprises Ltd (MRCE) Annual Report for the year ended 30 June 2022.

It has been a real honour to take over from Gary McSwain as Chair after last year's Annual General Meeting. With a total service of 10 years on our volunteer Board of Directors including two as Chair, six as Company Secretary, and contributing to all committees over his tenure, Gary made a very significant contribution to the success and sustainability of MRCE for which I thank him sincerely.

During my first year, I have been immensely proud of the way in which our branch staff, led by Branch Manager Sarah Barton, continue to respond to the challenges post COVID-19, ensuring that our branch is a welcoming, safe and customer-focused place to visit.

As a Community Bank we are genuinely there to service the banking/financial service needs of the whole community, deliver a return to our predominantly local shareholders, and invest in and support community growth, prosperity and general wellbeing.

We are very grateful for the support we receive from our partner, Bendigo Bank, particularly from the Regional Managers who work with us to meet the various challenges that arise in our business.

## Operations

Despite a challenging year with the pandemic continuing to threaten branch staffing levels, our final results saw income growth - gross margin increasing 6%, driven by underlying footings growing of \$52.4 million (20%) during FY22. Profit after tax grew by 18.6% resulting in earnings per share of 15.67 cents.

## Community Investing

We are proud to have invested \$189,000 during FY22 directly from MRCE into our local community plus an additional \$32,000 in scholarships and \$27,000 in charitable grants from our Community Enterprise Foundation™ account. We also invested a further \$135,000 in our foundation account, bringing the balance to over \$652,000, providing MRCE significant funds for future opportunities such as larger projects in our community.



Dominic Andreacchio presents grant to 1st Gisborne Scout Group at Spring 2021 Community Investment Evening.

## Chair's report (continued)

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To help local community groups “reboot” after pandemic-related disruptions, we offered special Reconnect Community Grants in FY22 that were gratefully taken up by 44 groups. This program was designed to also support local businesses as the funds granted (totaling \$22,000) had to be spent in the Macedon Ranges.

Both our autumn and spring community investing evenings were “real life” events and continue to provide a meaningful opportunity to bring community groups together. As MRCE depends on relationships with local community stakeholders, we are proud to host events such as these.

### Dividend

In light of MRCE managing to sustain financial results and continue to forecast growth, I am pleased to advise that the dividend declared for the current year has again been 10 cents per ordinary share, fully franked.

### Outlook

As the Reserve Bank increases interest rates, our partner Bendigo Bank has advised that the lending market will be put under pressure, generally speaking. It is hoped in our region it will have less impact than others. Our budget for FY23 reflects this and it is hoped growth will continue and strong control will remain in place over our expense base.

### Our Staff

We are proud to employ local staff and our nine or so branch and Board staff have been an asset to our company during the year. It is our belief that our customer service continues to set us apart from our banking competitors, and our community giving program continues to be the ‘cherry on top’ for customers and other stakeholders.

We are also grateful for the support provided to the Board by Corinne Shaddock (Community Engagement & Marketing Officer) and Alice McMahon (Executive Officer & Company Secretary). Their roles in “telling our story”, promoting our growth and ensuring that our business is well managed and governed is greatly appreciated.

### Directors

I wish to personally thank my fellow, longstanding Directors for their passion, commitment and valuable contribution throughout the year: Karen Clifford, Sarah Matthee, Erin McKinnon and Corinne Shaddock.

In November 2021 we welcomed the election of David Gunn, Nathan Hall, Jo-Ann Irwin and Rebecca Thorpe to our Board, and I thank them for their valuable insights and active contribution.

The profitability and success of MRCE relies on Directors freely giving their time and expertise and a Director recruitment, succession and induction program is being implemented to ensure that we continue to attract and retain a passionate and committed talent pool of prospective volunteer Directors.



**Dominic Andreacchio**  
Chair



# Manager's report

For year ending 30 June 2022



Sarah Barton at Autumn 2022 Community Investment Evening.

The team at Community Bank Gisborne & District are proud to have created a small lending hub with three experienced home loan specialists which successfully increased the lending growth for the branch.

When we set budgets this year it was difficult to predict what the year would look like, so I'm pleased to share that we grew the overall branch footings to \$291 million. I would like to outline some of the areas that made Community Bank Gisborne & District one of the strongest-performing Community Bank branches in the state this year.

The end results were a successful growth of the branch footings (loans and deposits) by \$51.9 million, Deposit growth being \$34.6 million (221% above target) and Lending Growth \$17.3 million (45% above target). Our customer net growth was 13.39%, we achieved our Wealth targets and were very close to Insurance targets for the year.

The team at Community Bank Gisborne & District are proud to have created a small lending hub with three experienced home loan specialists which successfully increased the lending growth for the branch. It was exciting to see the Bendigo Bank change its branding look and all staff enjoyed wearing their new uniforms.

2022-23 has started with some challenges due to the changing economic environment, however we have the right team to navigate this impact and to continue delivering the best outcome for our customers and community.

Bendigo Bank is Australia's most trusted bank (Roy Morgan, May 2022), a result the staff at Community Bank Gisborne & District are very proud of, and we continue to work collaboratively as a diverse and inclusive team to provide good outcomes for our customers.

I'd like to personally thank the branch staff of James Sheawick, Edyta Wyatt, Michelle Morrison, Zoe Olive, Jodie Schinck, Courtney Alexander, Vicky Hillyer and trainee Hamish Ryan for their dedication to our customers and community, and their hard work.

My thanks to the Board of Directors for all the time, effort and support you put into Community Bank Gisborne & District around your already busy lives and commitments: Nathan Hall, Karen Clifford, Corinne Shaddock, Dominic Andreacchio, Sarah Matthee, Erin Mckinnon, Rebecca Thorpe, Jo-ann Irwin and David Gunn. Thank you also to now retired chair Gary McSwain for being a great mentor.

I would also like to thank Alice McMahon, the Company Secretary. I enjoy working closely with you all and appreciate the time and effort you give in supporting the team.

To the local shareholders and customers, you continue to play a vital role in supporting us, and this 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.

A handwritten signature in black ink, appearing to read 'SB', located below the main body of the report.

**Sarah Barton**  
**Branch Manager**  
**Community Bank Gisborne & District**

# Community Investment Evenings

We held two successful community investment evenings, in November 2021 and May 2022. The events bring members of a wide variety of local groups together, to celebrate successful projects, build new community connections and share new projects receiving funding.

Made possible by

**Community Bank**  
Gisborne & District

**Bendigo Bank**

## Spring 2021 Community Investment Evening

Monday 15 November 2021 – Grants and sponsorships awarded for 24 projects, totalling **\$74,848**.



Right: New Chair Dominic Andreacchio thanks retiring Chair and Director Gary McSwain for his service to MRCE.

Middle: Mt Macedon Anzac Day Dawn Service accepts grant virtually.

Far right: Staff at Autumn 2022 community investment evening.

Top right: Take-away treats catered by Woodend Lifestyle Carers Group.



## Autumn 2022 Community Investment Evening

Monday 16 May 2022 – Grants and sponsorships awarded for 16 projects (helping 18 groups), totalling **\$108,989**.



Top left: Swinburne Kindergarten receives continued sponsorship of its healthy eating program.

Above L-R: Director and community engagement officer Corinne Shaddock acted as MC. Riddells Creek Kinder receives grant for outdoor blinds. \$35,000 pledged to Macedon Football Netball Club, Macedon Junior Football Club and Macedon Cricket Club for an electronic scoreboard at Tony Clarke Reserve. Networking over supper catered by Woodend Lifestyle Carers Group.



# Reconnect Community Grants



**44 groups**  
**\$22,000**

**Supporting local clubs, business  
and artists**

A special program to help local groups reboot and reconnect after COVID-related disruptions. Grants of \$500 had to be spent in the Macedon Ranges by 30 June 2022, to benefit people, groups and businesses in our community.

Made possible by

**Community Bank**  
Gisborne & District

**Bendigo Bank**



CWA Gisborne - Service award medals and celebration at Gisborne Peak Winery.



Gisborne Rookies free footy clinic with barbecue to encourage kids to return to sport.



Macedon Kindergarten welcome morning tea at Macedon Lounge.



Gisborne Singers committee dinner at Solan Pepper Romsey.



Gisborne and Mount Macedon Districts Historical Society Christmas Lunch at Gisborne Telegraph Hotel.



First day of year morning tea for all staff at Gisborne Secondary College catered by Farm Truck.



Macedon Cricket Club committee dinner at Macedon Lounge.



Macedon Ranges Tennis Association free dinner from Farm Truck to help revive competition.



Gisborne Gazette Christmas lunch at Gisborne Golf Club.





Made possible by  
**Community Bank**  
Gisborne & District  
**Bendigo Bank**

Left: Macedon Ranges Netball Association committee end of year dinner at Baringo.  
Far left: Riddells Creek Basketball Club volunteer thank you lunch at Riddells Creek Hotel.



Riddells Creek Tennis Club reconnect social day catered by Farm Truck.



RSL Welfare Lunch at Gisborne Golf Club.



PS My Family Matters dinner at Macedon Lounge.



Items for Riddells Creek Lions Club Easter raffle.



Macedon Ranges Art Collective (The Gallery) reconnect celebration catered by the Mt Macedon Trading Post.



Macedon Ranges L2P Program Christmas lunch at Gisborne Golf Club.



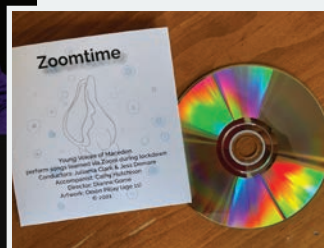
Upgrades to Gisborne Rotary's barbecue trailer to reboot fundraising.



New sign for New Gisborne Playgroup to help attract new members.



Above: Riddells Creek Neighbourhood House Board and staff dinner.  
Inset: Young Voices of Macedon CD of songs learnt during lockdown.  
Right: Riddells Creek Toy Library membership drive.



## Reconnect Membership Offer

For All Current and New Members  
Thanks to Bendigo Bank Community Bank Gisborne & District Reconnect Grant  
Join, re-join, and borrow to receive a Welcome/Reconnect  
Membership Pack- Macedon Ranges Mumma Keyring and coffee voucher  
Join now and get 15 months for the price of 12  
(April 2022-June 2023)  
\$50 Full Membership/\$25 Duty Member  
Go into the draw to have your membership fee refunded  
(1 new member and 1 member renewing)

Have any questions? Call us on 0433 119 033, or send us an email at [riddellscreektoylibrary@gmail.com](mailto:riddellscreektoylibrary@gmail.com)



# Community Support

Made possible by

Community Bank  
Gisborne & District



Grants, sponsorships and scholarships through our regular funding programs



Left: Super supper for New Gisborne Tennis Club. Above: Wooden blocks and furniture for Macedon Kindergarten. Above right: 2022 university scholarships.



4k projector for Gisborne Golf Club.



Project Ready at Gisborne Secondary College.



Lighting for Christmas in Riddells Creek decorated trees.



Defibrillator for Macedon Ranges Petanque Club.



#SeeME project to raise awareness and inclusion of all abilities youth in the community.



Supporter of Gisborne football and netball clubs' fundraising for Fight MND charity.



Projector for Macedon Ranges Photographic Society.



Donations to emergency services in Gisborne, Macedon and Riddells Creek.



Uniform for Gisborne Rookies Girls' teams in EDFL.



Loddon Murray Community Leadership Program scholarship 2022 - Samara Hodson.





Made possible by

**Community Bank**  
Gisborne & District

**Bendigo Bank**

Left: Sponsor of Riddells Creek Junior Mixed Basketball Association.  
Far left: Ladies' clubs for Mount Macedon Golf Club.



Kids Roar sessions for Riddells Creek Kindergarten.



Ramp for Gisborne Bowling Club.



Arena fencing for Bullengarook Pony Club.



St Brigid's senior student attendance fees for GRIP 2022 Leadership Conference in Melbourne.



Laptop computer for Woodend Lifestyle Carers Group.



Macedon Ranges Art Collective inaugural Portrait Prize at The Gallery Mt Macedon.



\$10,000 to Macedon Primary School for sustainability garden expansion.



Sponsor of Gisborne Masters Football Club.



Grant to Macedon & Mount Macedon Community House.



Major sponsor of Riddell District Football Netball League 2022-23.



Shed and inclusive toys for Riddells Creek Toy Library.



COMMUNITY TRAINING PROGRAM  
**MENTORING TEENAGE BOYS IN THE MACEDON RANGES**  
2 MAY - 6 JUNE 2022

\$10,000 to Sunbury and Cobaw Community Health for pilot of teen boy wellbeing program (part of #thehumancode project).



Made possible by

**Community Bank**  
Gisborne & District

**Bendigo Bank**

Right: Lease of Macedon Ranges L2P program vehicle.

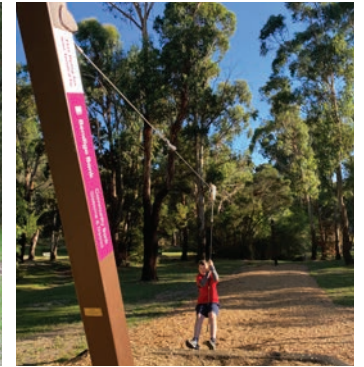
Far right: Tents for 1st Gisborne Scout Group.



Major sponsor of inaugural Insect Expo in Woodend.



Official opening of flying fox in Ash Wednesday Park, Macedon.



Flying fox for Ash Wednesday Park, Macedon.



Sponsor of Gisborne Football Netball Club.



New stairs for the Mountview Theatre.



Wayne Schwass talk at Gisborne Cricket Club in December 2021 (part of Macedon Ranges Mentally Active Sports project).



Sponsor of Riddells Creek Cricket Club.



Lightweight choir risers and trailer for Gisborne Singers (\$10,000 in 2020).



Wireless timing gates for Gisborne Little Athletics.



New tents for Macedon-Woodend Scout Group.



Major sponsor of Macedon Ranges Music Festival 2022.



# Directors' report

For the financial year ended 30 June 2022

The Directors present their report, together with the financial statements, of Macedon Ranges Community Enterprises Ltd for the financial year ended 30 June 2022.

## Board of Directors

The following persons were Directors of Macedon Ranges Community Enterprises Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

### Dominic Andreacchio

Title:	Chair
Qualifications:	MBM, Post Grad. Dip. BM, Dip HR, AHRI
Experience & Expertise:	Extensive public and private sector board and HR experience, including non-profits and clubs. Lecturer at Australian Institute of Management MBA Program.

### Karen Clifford

Title:	Director
Qualifications:	B.App.Sc (Phys.Ed), MBM
Experience & Expertise:	Extensive experience in consultancy roles and community not-for-profit organisations.

### Corinne Shaddock

Title:	Director and Community Engagement & Marketing Officer
Qualifications:	BA, MBA
Experience & Expertise:	Marketing and communications at multinational, national and local level.

### Sarah Matthee

Title:	Director and Chair of the Finance Audit & Risk Management ('FARM') Committee
Qualifications:	LLB / B.Eng (Chemical)
Experience & Expertise:	Non-practising lawyer, extensive experience in community not-for-profit sector.

### Erin McKinnon

Title:	Director and Chair of the Marketing and Community Investment Committee
Qualifications:	BA, MA, GradDipEd
Experience & Expertise:	Extensive management experience in community not-for-profit sector.

### David Gunn appointed 15 November 2021

Title:	Director and Treasurer
Qualifications:	GAICD, CPA, MCA, ACMA, B Sc(Hon)
Experience & Expertise:	Extensive executive experience in COO/CFO roles in commercial, for purpose organisations globally, nationally and locally.



## Directors' report (continued)

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### Board of Directors (continued)

**Jo-ann Irwin** appointed 15 November 2021

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Title: Director

Qualifications: MBA, AAGM

Experience & Expertise: Business Development and Marketing experience across the not-for-profit tourism and early years education sector.

**Rebecca Thorpe** appointed 15 November 2021

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Title: Director

Qualifications: BA (Journalism)

Experience & Expertise: Rebecca has decades of experience as a communications professional and journalist. She is an active member of the Macedon Ranges community, including serving on local CFA and CWA branches.

**Nathan Hall** appointed 15 November 2021

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Title: Director

Qualifications: CEMA

Experience & Expertise: Nathan has significant experience in the public sector leading organisations, with skills in financial management, human resources, projects and general management.

**Gary McSwain** resigned on 15 November 2021

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Title: Chair (until retirement on 15 November 2021)

Qualifications: Dip. Bus. Stud., Grad. Dip. Acc & Corp. Gov., CPA, AGIA ACG

Experience & Expertise: Accountant, extensive finance and general management experience in insurance sector.

**Bart McDermott** resigned 23 August 2021

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Title: Director

Qualifications: Nil

Experience & Expertise: Extensive experience in recruitment solutions, HR support and sales leadership.

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

No Directors have material interests other than those referenced in the Directors' Report and related party note.

### Company Secretary

The following person held the position of Company Secretary for the entire financial year:

**Alice McMahon**

Qualifications: B.Comm, B.Arts, CA

Experience & Expertise: Alice is a Chartered Accountant with experience in accounting and corporate governance in a range of industries.

### 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 has been no significant changes in the nature of these activities during the year.

## Directors' report (continued)

### Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

	30 June 2022 (\$)	30 June 2021 (\$)	Movement
Profit After Tax	113,333	95,531	19%

### Directors' interests

Director	Fully Paid Ordinary Shares		
	Balance at July 1 2021	Changes During the Year	Balance at 30 June 2022
Dominic Andreacchio	-	-	-
Karen Clifford	26,000	-	26,000
Corinne Shaddock	5,001	-	5,001
Sarah Matthee	-	-	-
Erin McKinnon	-	-	-
David Gunn - appointed 15 November 2021	5,000	5,000	10,000
Jo-ann Irwin - appointed 15 November 2021	-	-	-
Rebecca Thorpe - appointed 15 November 2021	-	-	-
Nathan Hall - appointed 15 November 2021	-	-	-
Gary McSwain - resigned on 15 November 2021	-	-	-
Bart McDermott - resigned 23 August 2021	-	-	-

### Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

### Dividends

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

	Cents per Share	Total Amount (\$)
Final fully franked dividend	10.0	72,321
<b>Total Amount</b>	<b>10.0</b>	<b>72,321</b>

### Significant changes in the state of affairs

During the financial year, the Australian economy continued to be greatly impacted by COVID 19. Bendigo Bank, as franchisor, maintained measures aimed at providing relief to customers affected by the COVID 19 pandemic. The uncertain economic conditions have not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

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



## Directors' report (continued)

### Events since the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly impacted or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, 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.

### Directors' benefits

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

### Indemnity and insurance of directors and officers

The company has indemnified all directors and the managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or managers 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.

### Indemnity and insurance of auditor

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

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

### Directors' Meetings

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

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Dominic Andreacchio	12	11	--	--
Karen Clifford	10*	8	--	--
Corinne Shaddock	12	11	--	--
Sarah Matthee	12	11	4	4
Erin McKinnon	12	10	--	--
David Gunn - appointed 15 November 2021	8	8	3	3
Jo-ann Irwin - appointed 15 November 2021	8	8	--	--
Rebecca Thorpe - appointed 15 November 2021	8	8	--	--
Nathan Hall - appointed 15 November 2021	8	8	3	3
Gary McSwain - resigned on 15 November 2021	5	5	1	1
Bart McDermott - resigned 23 August 2021	1	1	--	--

A - The number of meetings eligible to attend. B - The number of meetings attended.

-- Not a member of that committee. \* - Leave of absence granted for 2 meetings

## Directors' report (continued)

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### **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*.

### **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 on page 16 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Gisborne, Victoria.



**Dominic Andreacchio**  
**Chairman**

Dated this 24th day of August, 2022



# Auditor's independence declaration



61 Bull Street  
Bendigo VIC 3550

[afs@afsbendigo.com.au](mailto:afs@afsbendigo.com.au)  
03 5443 0344

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Macedon Ranges Community Enterprises Ltd

As lead auditor for the audit of Macedon Ranges Community Enterprises 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: 24 August 2022

**Joshua Griffin**  
Lead Auditor



[afsbendigo.com.au](http://afsbendigo.com.au)

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 081 795 337

# Financial statements

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

	Note	2022 \$	2021 \$
<b>Revenue</b>			
Revenue from contracts with customers	8	1,636,192	1,542,382
Other revenue	9	-	26,520
Finance income	10	632	1,163
		<b>1,636,824</b>	<b>1,570,065</b>
<b>Expenses</b>			
Employee benefits expense	11a	(785,924)	(730,957)
Depreciation and amortisation	11b	(136,660)	(123,445)
Finance costs	11c	(6,918)	(8,620)
IT expenses		(33,275)	(37,018)
Occupancy expenses		(36,375)	(30,815)
Marketing and advertising		(52,172)	(22,635)
Insurance expense		(21,350)	(20,324)
Professional services		(20,284)	(20,193)
ATM costs		(16,726)	(16,911)
Printing and stationery		(8,445)	(9,630)
Bad debts written off		(56)	(2,920)
Other expenses		(42,998)	(41,600)
		<b>(1,161,183)</b>	<b>(1,065,068)</b>
<b>Operating profit before charitable donations and sponsorship</b>		<b>475,641</b>	<b>504,997</b>
Charitable donations and sponsorship	11d	(324,081)	(383,474)
<b>Profit before income tax</b>		<b>151,560</b>	<b>121,523</b>
Income tax expense	12	(38,227)	(25,992)
<b>Profit for the year after income tax</b>		<b>113,333</b>	<b>95,531</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>113,333</b>	<b>95,531</b>
Profit attributable to the ordinary shareholders of the company		113,333	95,531
<b>Total comprehensive income attributable to ordinary shareholders of the company</b>		<b>113,333</b>	<b>95,531</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- basic and diluted earnings per share	34	15.67	13.21

The accompanying notes form part of these financial statements.



## Financial statements (continued)

### Statement of Financial Position for the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	321,066	280,215
Trade and other receivables	14	126,020	117,611
Financial assets	15	292,149	292,149
Other assets	16	7,460	6,871
<b>Total current assets</b>		<b>746,695</b>	<b>696,846</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	160,483	136,902
Right-of-use assets	18	118,370	147,968
Intangible assets	19	18,313	31,497
Deferred tax assets	20	18,289	17,979
<b>Total non-current assets</b>		<b>315,455</b>	<b>334,346</b>
<b>Total assets</b>		<b>1,062,150</b>	<b>1,031,192</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	82,469	70,966
Current tax liability	20	11,839	9,361
Franchise fee payable	22	14,082	14,082
Lease liabilities	23	67,422	62,785
Employee benefits	24	50,906	43,200
Provision for dividends		1,161	911
<b>Total current liabilities</b>		<b>227,879</b>	<b>201,305</b>
<b>Non-current liabilities</b>			
Franchise fee payable	22	-	14,082
Lease liabilities	23	29,306	96,728
Employee benefits	24	7,057	7,864
Make good provision	25	45,683	-
<b>Total non-current liabilities</b>		<b>82,046</b>	<b>118,674</b>
<b>Total liabilities</b>		<b>309,925</b>	<b>319,979</b>
<b>Net assets</b>		<b>752,225</b>	<b>711,213</b>
<b>Equity</b>			
Issued capital	26	704,766	704,766
Retained earnings	27	47,459	6,447
<b>Total equity</b>		<b>752,225</b>	<b>711,213</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2020</b>		<b>704,766</b>	<b>(23,995)</b>	<b>680,771</b>
Comprehensive income for the year				
Profit for the year		-	95,531	95,531
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	32	-	(65,089)	(65,089)
<b>Balance at 30 June 2021</b>		<b>704,766</b>	<b>6,447</b>	<b>711,213</b>
<b>Balance at 1 July 2021</b>		<b>704,766</b>	<b>6,447</b>	<b>711,213</b>
Comprehensive income for the year				
Profit for the year		-	113,333	113,333
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	32	-	(72,321)	(72,321)
<b>Balance at 30 June 2022</b>		<b>704,766</b>	<b>47,459</b>	<b>752,225</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,754,896	1,701,849
Payments to suppliers and employees		(1,450,986)	(1,426,643)
Interest paid		(6,918)	(8,620)
Interest received		632	1,163
Income tax paid		(36,059)	(45,813)
<b>Net cash flows provided by operating activities</b>	<b>28</b>	<b>261,565</b>	<b>221,936</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(72,790)	-
Purchase of intangible assets		(14,082)	(14,082)
<b>Net cash flows used in investing activities</b>		<b>(86,872)</b>	<b>(14,082)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(61,771)	(58,392)
Dividends paid		(72,071)	(64,819)
<b>Net cash flows used in financing activities</b>		<b>(133,842)</b>	<b>(123,211)</b>
<b>Net increase in cash held</b>		<b>40,851</b>	<b>84,643</b>
Cash and cash equivalents at beginning of financial year		280,215	195,572
<b>Cash and cash equivalents at end of financial year</b>	<b>13</b>	<b>321,066</b>	<b>280,215</b>

The accompanying notes form part of these financial statements.



# Notes to the financial statements

For the year ended 30 June 2022

## Note 1. Reporting entity

This is the financial report for Macedon Ranges Community Enterprises Ltd (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

**Registered office:**

11 Nexus Way  
GISBORNE VIC 3437

**Principal place of business:**

11 Nexus Way  
GISBORNE VIC 3437

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 30.

## Note 2. Basis of preparation and statement of compliance

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors.

## Note 3. 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.

## Note 4. Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

### (a) Revenue from contracts with customers

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.

## Notes to the financial statements (continued)

### Note 4. Summary of significant accounting policies (continued)

#### (a) Revenue from contracts with customers (continued)

Under AASB 15 Revenue from Contracts with Customers (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue	Includes	Performance Obligation	Timing of Recognition
Franchise agreement profit share	Margin, commission and fee income	When the company satisfies its obligation to arrange 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 Goods and Services Tax (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 – 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:

$$\begin{array}{r} \text{Interest paid by customers on loans, less interest paid to customers on deposits} \\ \text{plus} \\ \text{Deposit returns (i.e. interest return applied by Bendigo Bank for a deposit)} \\ \text{minus} \\ \text{Any costs of funds (i.e. interest applied to fund a loan)} \end{array}$$

The company is entitled to a share of the margin earned by Bendigo and Adelaide Bank. If this reflects a loss, the company incurs a share of that loss. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin.

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



## Notes to the financial statements (continued)

### Note 4. Summary of significant accounting policies (continued)

#### (a) Revenue from contracts with customers (continued)

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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

#### (b) Other revenue

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	Revenue recognition policy
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

#### *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 businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

The amounts received or receivable is 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.

#### (c) Economic dependency - Bendigo Bank

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at Gisborne.

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.

## Notes to the financial statements (continued)

### Note 4. Summary of significant accounting policies (continued)

#### (c) Economic dependency - Bendigo Bank (continued)

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

#### (d) Employee benefits

##### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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 wages, salaries and sick leave 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.

##### *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 estimate future cash outflows.

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

#### (e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

##### *Current income 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.

##### *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.



## Notes to the financial statements (continued)

### Note 4. Summary of significant accounting policies (continued)

#### (e) Tax (continued)

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.

#### *Goods and Services Tax*

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.

#### (f) 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.

#### (g) 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Plant & equipment	Straight line	2.5 to 10 years
Motor vehicles	Straight line	8 years

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

#### (h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying 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.

Intangible assets 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
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

## Notes to the financial statements (continued)

### Note 4. Summary of significant accounting policies (continued)

#### (h) Intangible assets (continued)

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

#### (i) 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, leases.

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

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.

#### (j) 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 the impairment loss (if any).

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.

#### (k) Issued capital

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

#### (l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.



## Notes to the financial statements (continued)

### Note 4. Summary of significant accounting policies (continued)

#### (m) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

##### *As a lessee*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

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 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 zero.

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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

##### *Short-term leases & leases of low-value assets*

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

### Note 5. Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

## Notes to the financial statements (continued)

### Note 5. Significant accounting judgements, estimates, and assumptions (continued)

#### (a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 23 - Leases:	
(i) control	whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
(ii) Lease term	whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
(iii) discount rates	judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

#### (b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 20 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
Note 29 - Financial instruments	Determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
Note 17 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset;
Note 24 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases through promotion and inflation;
Note 25 - Make-good provision	Key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

### Note 6. 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 of Directors.

#### (a) 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.

#### (b) 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.

## Notes to the financial statements (continued)

### Note 6. Financial Risk Management (continued)

#### (b) Liquidity Risk (continued)

##### *Exposure to liquidity risk*

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2022	Contractual Cash Flows			
	Carrying Amount \$	< 12 Months \$	1 - 5 Years \$	> 5 Years \$
<b>Non-derivative Financial Liability</b>				
Lease liabilities	96,728	70,405	29,636	-
Trade and other payables	82,469	82,469	-	-
Franchise fee payable	14,082	14,082	-	-

30 June 2021	Contractual Cash Flows			
	Carrying Amount \$	< 12 Months \$	1 - 5 Years \$	> 5 Years \$
<b>Non-derivative Financial Liability</b>				
Lease liabilities	159,513	68,688	100,041	-
Trade and other payables	70,966	70,966	-	-
Franchise fee payable	28,164	14,082	14,082	-

#### (c) 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. There is no exposure to the company in regard to commodity price risk.

##### *Cash flow and fair values interest rate risk*

Interest-bearing assets are held with Bendigo and Adelaide 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 \$321,066 at 30 June 2022 (2021: \$280,215). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB+ on Standard & Poor's credit ratings.

### Note 7. Capital Management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors 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%.



## Notes to the financial statements (continued)

### Note 7. Capital Management (continued)

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2022 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 8. Revenue from contracts with customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2022 \$	2021 \$
<b>Revenue</b>		
- Revenue from contracts with customers	1,636,192	1,542,382
	<b>1,636,192</b>	<b>1,542,382</b>
<i>Disaggregation of revenue from contracts with customers</i>		
- Margin income	1,417,310	1,348,500
- Fee income	98,625	92,987
- Commission income	120,257	100,895
	<b>1,636,192</b>	<b>1,542,382</b>

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

### Note 9. Other revenue

The company generates other sources of revenue as outlined below.

	2022 \$	2021 \$
<b>Other revenue</b>		
- Cash flow boost	-	26,520
	<b>-</b>	<b>26,520</b>

### Note 10. Finance income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2022 \$	2021 \$
<b>Finance income</b>		
<i>At amortised cost:</i>		
- Interest from term deposits	632	1,163
	<b>632</b>	<b>1,163</b>

## Notes to the financial statements (continued)

### Note 11. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

#### (a) Employee benefits expense

	2022 \$	2021 \$
<i>Employee benefits expense</i>		
- Wages & salaries	594,325	584,552
- Superannuation costs	122,634	113,668
- Other expenses related to employees	68,965	32,737
	<b>785,924</b>	<b>730,957</b>

#### (b) Depreciation and amortisation expense

	2022 \$	2021 \$
<i>Depreciation of non-current assets</i>		
- furniture and fittings	45,684	45,714
- motor vehicles	3,525	2,463
	<b>49,209</b>	<b>48,177</b>
<i>Amortisation of right-of-use assets</i>		
- leased buildings	74,267	62,085
	<b>74,267</b>	<b>62,085</b>
<i>Amortisation of intangible assets</i>		
- franchise fees	13,184	13,183
	<b>13,184</b>	<b>13,183</b>
<b>Total depreciation &amp; amortisation expense</b>	<b>136,660</b>	<b>123,445</b>

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4(g) and 4(h) for details).

#### (c) Finance costs

	2022 \$	2021 \$
<i>Finance costs</i>		
- Lease interest expense	5,903	8,620
- Unwinding of make-good provision	1,015	-
	<b>6,918</b>	<b>8,620</b>

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

#### (d) Community investments and sponsorship

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as sponsorships, donations and grants).

## Notes to the financial statements (continued)

### Note 11. Expenses (continued)

#### (d) Community investments and sponsorship (continued)

	Note	2022 \$	2021 \$
<i>Community investments and sponsorship</i>			
- Direct sponsorship, grants and donations		189,081	208,474
- Contribution to the Community Enterprise Foundation™	11(e)	135,000	175,000
		<b>324,081</b>	<b>383,474</b>

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

The CEF is a donor advised foundation. While the directors are involved in the payment of grants, the funds are not refundable to the company.

#### (e) Community Enterprise Foundation™ Contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in, form part of community investments and sponsorship expenditure included in profit or loss.

	Note	2022 \$	2021 \$
<i>Disaggregation of CEF funds</i>			
Opening balance		571,746	452,708
Contributions paid	11(d)	142,105	184,211
Grants paid out		(58,303)	(58,832)
Interest received		3,366	2,870
Management fees incurred	11(d)	(7,105)	(9,211)
<b>Balance available for distribution</b>		<b>651,809</b>	<b>571,746</b>

#### (f) Recognition exemption

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 IT expenses.

### Note 12. Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

#### (a) Amounts recognised in profit or loss

	2022 \$	2021 \$
Current tax expense	38,537	37,020
Movement in deferred tax	(310)	(12,127)
Adjustments due to changes in company tax rate	-	1,099
	<b>38,227</b>	<b>25,992</b>



## Notes to the financial statements (continued)

### Note 12. Income tax expense (continued)

#### (b) Prima facie income tax reconciliation

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2022 \$	2021 \$
Operating profit before taxation	151,560	121,523
Prima facie tax on profit before income tax at 25% (2021: 26%)	37,890	31,596
<i>Add tax effect of:</i>		
- Revaluation of deferred taxes due to changes in company tax rate	-	1,099
- Non-assessable income	-	(6,895)
- Non-deductible expenses	337	192
<b>Income tax attributable to the entity</b>	<b>38,227</b>	<b>25,992</b>
The applicable weighted average effective tax rate is:	25.22%	21.39%

### Note 13. Cash and cash equivalents

#### (a) Cash and cash equivalents

	2022 \$	2021 \$
Cash at bank and on hand	321,066	280,215
	<b>321,066</b>	<b>280,215</b>

#### (b) Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand, cash held with financial and banking institutions, and investments in short-term money financial instruments, net of outstanding bank overdrafts. Bank overdrafts are presented with loans and borrowings.

The below figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2022 \$	2021 \$
Cash at bank and on hand	321,066	280,215
	<b>321,066</b>	<b>280,215</b>

### Note 14. Trade and other receivables

	2022 \$	2021 \$
<i>Current assets</i>		
Trade receivables	125,975	117,542
Other receivables	45	69
	<b>126,020</b>	<b>117,611</b>

## Notes to the financial statements (continued)

### Note 14. Trade and other receivables (continued)

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

### Note 15. Financial assets

	2022 \$	2021 \$
<i>At Amortised Cost</i>		
Term deposits	292,149	292,149
	<b>292,149</b>	<b>292,149</b>

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

### Note 16. Other assets

	2022 \$	2021 \$
Prepayments	7,460	6,871
	<b>7,460</b>	<b>6,871</b>

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

### Note 17. Property, plant and equipment

#### (a) Carrying amounts

	2022			2021		
	At Cost / Valuation \$	Accumulated Depreciation \$	Written Down Value \$	At Cost / Valuation \$	Accumulated Depreciation \$	Written Down Value \$
Furniture & fittings	369,032	283,914	85,118	366,750	238,230	128,520
Motor vehicles	90,212	14,847	75,365	19,704	11,322	8,382
	<b>459,244</b>	<b>298,761</b>	<b>160,483</b>	<b>386,454</b>	<b>249,552</b>	<b>136,902</b>

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

#### (b) Reconciliation of carrying amounts

	Furniture & Fittings \$	Motor Vehicles \$
<b>2022</b>		
Opening carrying value	128,520	8,382
Additions	2,282	70,508
Disposals	-	-
Depreciation expense	(45,684)	(3,525)
<b>Closing carrying value</b>	<b>85,118</b>	<b>75,365</b>

## Notes to the financial statements (continued)

### Note 17. Property, plant and equipment (continued)

#### (b) Reconciliation of carrying amounts (continued)

2021	Furniture & Fittings \$	Motor Vehicles \$
Opening carrying value	174,234	10,845
Additions	-	-
Disposals	-	-
Depreciation expense	(45,714)	(2,463)
<b>Closing carrying value</b>	<b>128,520</b>	<b>8,382</b>

#### (c) Capital expenditure commitments

The entity does not have any capital expenditure commitments as at 30 June 2022 (2021: None).

#### (d) Changes in estimates

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

There were no changes in estimates for the current reporting period.

### Note 18. Right-of-use assets

#### (a) Carrying amounts

	2022			2021		
	At Cost / Valuation \$	Accumulated amortisation \$	Written Down Value \$	At Cost / Valuation \$	Accumulated amortisation \$	Written Down Value \$
Leased land and buildings	316,807	198,437	118,370	272,138	124,170	147,968
	<b>316,807</b>	<b>198,437</b>	<b>118,370</b>	<b>272,138</b>	<b>124,170</b>	<b>147,968</b>

#### (b) Reconciliation of carrying amounts

2022	Leased Buildings \$	Total ROU Asset \$
Opening carrying value	147,968	147,968
Adjustment for make good provision	44,669	44,669
Amortisation expense	(74,267)	(74,267)
<b>Net carrying amount</b>	<b>118,370</b>	<b>118,370</b>

2021	Leased Buildings \$	Total ROU Asset \$
Opening carrying value	210,053	210,053
Amortisation expense	(62,085)	(62,085)
<b>Net carrying amount</b>	<b>147,968</b>	<b>147,968</b>



## Notes to the financial statements (continued)

### Note 19. Intangible assets

#### (a) Carrying amounts

	2022			2021		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fee	65,919	47,606	18,313	65,919	34,422	31,497
Establishment fee	104,286	104,286	-	104,286	104,286	-
	<b>170,205</b>	<b>151,892</b>	<b>18,313</b>	<b>170,205</b>	<b>138,708</b>	<b>31,497</b>

#### (b) Reconciliation of carrying amounts

	Franchise Fee \$	Establishment Fee \$
<b>2022</b>		
Opening carrying value	31,497	-
Additions	-	-
Disposals	-	-
Amortisation expense	(13,184)	-
<b>Closing carrying value</b>	<b>18,313</b>	<b>-</b>

	Franchise Fee \$	Establishment Fee \$
<b>2021</b>		
Opening carrying value	44,680	-
Additions	-	-
Disposals	-	-
Amortisation expense	(13,183)	-
<b>Closing carrying value</b>	<b>31,497</b>	<b>-</b>

#### (c) Changes 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 20. Tax assets and liabilities

#### (a) Current tax

	2022 \$	2021 \$
Income tax payable	11,839	9,361

## Notes to the financial statements (continued)

### Note 20. Tax assets and liabilities (continued)

#### (b) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2022:

	30 June 2021 \$	Recognised in P & L \$	30 June 2022 \$
<i>Deferred tax assets</i>			
- Expense accruals	8,262	2,539	10,801
- Lease liability & Right of use asset	2,886	3,124	6,010
- Employee provisions	12,766	1,725	14,491
<b>Total deferred tax assets</b>	<b>23,914</b>	<b>7,388</b>	<b>31,302</b>
<i>Deferred tax liabilities</i>			
- Prepayments	(1,718)	(147)	(1,865)
- Accrued income	(17)	6	(11)
- Franchise fee	(833)	(225)	(1,058)
- Property, plant & equipment	(3,367)	(6,712)	(10,079)
<b>Total deferred tax liabilities</b>	<b>(5,935)</b>	<b>(7,078)</b>	<b>(13,013)</b>
<b>Net deferred tax assets</b>	<b>17,979</b>	<b>310</b>	<b>18,289</b>

Movement in the company's deferred tax balances for the year ended 30 June 2021:

	30 June 2020 \$	Recognised in P & L \$	30 June 2021 \$
<i>Deferred tax assets</i>			
- Expense accruals	12,250	(3,988)	8,262
- Lease liability & Right of use asset	2,159	727	2,886
- Franchise fee	775	(775)	-
- Employee provisions	13,861	(1,095)	12,766
<b>Total deferred tax assets</b>	<b>29,045</b>	<b>(5,131)</b>	<b>23,914</b>
<i>Deferred tax liabilities</i>			
- Prepayments	(1,767)	49	(1,718)
- Accrued income	(4,275)	4,258	(17)
- Franchise fee	-	(833)	(833)
- Property, plant & equipment	(16,053)	12,686	(3,367)
<b>Total deferred tax liabilities</b>	<b>(22,095)</b>	<b>16,160</b>	<b>(5,935)</b>
<b>Net deferred tax assets</b>	<b>6,950</b>	<b>11,029</b>	<b>17,979</b>

## Notes to the financial statements (continued)

### Note 21. Trade and other payables

	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade creditors	17,659	12,698
Salary & wages payable	33,954	23,798
GST payable	16,154	18,752
PAYG withheld from wages	5,452	6,468
Accounting & audit fees accrued	9,250	9,250
	<b>82,469</b>	<b>70,966</b>

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### Note 22. Franchise fee payable

	2022 \$	2021 \$
<i>Current liabilities</i>		
Franchise fee payable within 12 months	14,082	14,082
	<b>14,082</b>	<b>14,082</b>
<i>Non-current liabilities</i>		
Franchise fee payable after 12 months	-	14,082
	<b>-</b>	<b>14,082</b>
<b>Total franchise fee payable</b>	<b>14,082</b>	<b>28,164</b>

The remaining franchise fee payable is due in an instalment of \$14,082 to be deducted from the revenue share for November 2022. This will be the final payment under the current franchise agreement which runs until 18 November 2023.

### Note 23. 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 on the adoption date. The discount rate used on recognition was 4.5%

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

#### (a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
Gisborne Branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in November 2018.



## Notes to the financial statements (continued)

### Note 23. Lease liabilities (continued)

#### (a) Lease Portfolio (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.

#### (b) Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2022 \$	2021 \$
Current	67,422	62,785
Non-current	29,306	96,728
	<b>96,728</b>	<b>159,513</b>

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
<b>30 June 2022</b>					
Lease payments	70,405	29,636	-	-	100,041
Finance charges	(2,983)	(330)	-	-	(3,313)
<b>Net present values</b>	<b>67,422</b>	<b>29,306</b>	<b>-</b>	<b>-</b>	<b>96,728</b>
<b>30 June 2021</b>					
Lease payments	68,688	70,405	29,636	-	168,729
Finance charges	(5,903)	(2,983)	(330)	-	(9,216)
<b>Net present values</b>	<b>62,785</b>	<b>67,422</b>	<b>29,306</b>	<b>-</b>	<b>159,513</b>

### Note 24. Employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Provision for annual leave	36,379	26,721
Provision for long service leave	14,527	16,479
	<b>50,906</b>	<b>43,200</b>
<i>Non-current liabilities</i>		
Provision for long service leave	7,057	7,864
	<b>7,057</b>	<b>7,864</b>

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

#### Employee attrition rates

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.

## Notes to the financial statements (continued)

### Note 25. Make good provision

	2022 \$	2021 \$
Make-good on leased premises	45,683	-
	<b>45,683</b>	<b>-</b>

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 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 18 November 2023 at which time it is expected the face-value costs to restore the premises will fall due.

### Note 26. Issued capital

#### (a) Issued capital

	2022		2021	
	Number	\$	Number	\$
Ordinary shares - fully paid	723,214	723,214	723,214	723,214
Less: equity raising costs		(18,448)		(18,448)
	<b>723,214</b>	<b>704,766</b>	<b>723,214</b>	<b>704,766</b>

Ordinary shares are classified as equity.

#### (b) Rights attached to issued capital

##### *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.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

##### *Dividends*

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

##### *Transfer*

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

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

## Notes to the financial statements (continued)

### Note 26. Issued capital (continued)

#### (b) Rights attached to issued capital (continued)

##### *Prohibited shareholding interest*

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 208. As at the date of this report, the company had 213 shareholders (2021: 213 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 27. Retained earnings

	Note	2022 \$	2021 \$
Balance at the beginning of the reporting period		6,447	(23,995)
Profit for the year after income tax		113,333	95,531
Dividends paid	32	(72,321)	(65,089)
<b>Balance at the end of the reporting period</b>		<b>47,459</b>	<b>6,447</b>

### Note 28. Cash flow information

Reconciliation of cash flows from operating activities

	2022 \$	2021 \$
Profit for the year after income tax	113,333	95,531
<i>Non-cash flows in profit</i>		
- Depreciation	49,209	48,177
- Amortisation	87,451	75,268

## Notes to the financial statements (continued)

### Note 28. Cash flow information (continued)

	2022 \$	2021 \$
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(8,409)	7,017
- (Increase) / decrease in prepayments and other assets	(589)	(445)
- (Increase) / decrease in deferred tax asset	(310)	(11,029)
- Increase / (decrease) in trade and other payables	11,503	15,548
- Increase / (decrease) in current tax liability	2,478	(8,792)
- Increase / (decrease) in employee benefits	6,899	661
<b>Net cash flows provided by operating activities</b>	<b>261,565</b>	<b>221,936</b>

### Note 29. Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2022 \$	2021 \$
<b>Financial assets</b>			
Trade and other receivables	14	126,020	117,611
Cash and cash equivalents	13	321,066	280,215
Term deposits	15	292,149	292,149
		<b>739,235</b>	<b>689,975</b>
<b>Financial liabilities</b>			
Trade and other payables	21	82,469	70,966
Franchise fee payable	22	14,082	28,164
Lease liabilities	23	96,728	159,513
		<b>193,279</b>	<b>258,643</b>

### Note 30. Related parties

#### (a) Details of key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

#### (b) Key management personnel compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

#### (c) Transactions with key management personnel and other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.



## Notes to the financial statements (continued)

### Note 30. Related parties (continued)

#### (c) Transactions with key management personnel and other related parties (continued)

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
Corinne Shaddock	Community relations & marketing	44,609

#### (d) Key management personnel shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

#### (e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

### Note 31. Auditor's remuneration

The appointed auditor of Macedon Ranges Community Enterprises Ltd for the year ended 30 June 2022 is Andrew Frewin Stewart. Amounts paid or due and payable to the auditor are outlined below.

	2022 \$	2021 \$
<i>Audit and review services</i>		
Audit and review of financial statements - Andrew Frewin Stewart	5,850	-
Audit and review of financial statements - Richmond Sinnott & Delahunty	-	5,250
<b>Total auditor's remuneration</b>	<b>5,850</b>	<b>5,250</b>

### Note 32. Dividends provided for or paid

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2022		2021	
	Cents	\$	Cents	\$
Fully franked dividend	10.00	72,321	9.00	65,089
<b>Dividends provided for and paid during the year</b>	<b>10.00</b>	<b>72,321</b>	<b>9.00</b>	<b>65,089</b>

The tax rate at which dividends have been franked is 25% (2021: 26%).

### Note 33. Franking account balance

	2022 \$	2021 \$
<i>Franking credits available for subsequent reporting periods</i>		
Franking account balance at the beginning of the financial year	80,136	57,194
Franking transactions during the financial year:		
- Franking credits arising from income taxes paid	36,058	45,811
- Franking debits from the payment of franked distributions	(24,107)	(22,869)
<b>Franking credits available for future reporting periods</b>	<b>92,087</b>	<b>80,136</b>

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

## Notes to the financial statements (continued)

### Note 34. Earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2022 \$	2021 \$
Profit attributable to ordinary shareholders	113,333	95,531
	Number	Number
Weighted average number of ordinary shares	723,214	723,214
	¢	¢
Basic and diluted earnings per share	15.67	13.21

### Note 35. Subsequent events

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

### Note 36. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 23. Details about any capital commitments are detailed in Note 17(c).

The company has no other commitments requiring disclosure.

There were no contingent assets at the date of this report that would have an impact on the financial statements.

	2022 \$	2021 \$
<i>Contingent liabilities at reporting date</i>		
<b>Not otherwise provided for or disclosed in the financial statements:</b>		
Sponsorship of the Riddell District Football Netball League for 2023 and 2024	35,000	-
	<b>35,000</b>	<b>-</b>

Contingent liabilities related predominantly to actual or potential claims on the company for which amounts are reasonably estimated but the liability is not probable and therefore the company has not provided for such amount in these financial statements.

Assessing the amount or liabilities that are not probable is highly judgemental. Contingent liabilities are disclosed on the basis of the known maximum exposure.

### Note 37. Company Details

The registered office of the company is:

Macedon Ranges Community Enterprises Ltd      11 Nexus Way, Gisborne VIC 3437

The principal place of business is:

Gisborne Branch      11 Nexus Way, Gisborne VIC 3437

# Directors' declaration

For the financial year ended 30 June 2022

In accordance with a resolution of the directors of Macedon Ranges Community Enterprises Ltd, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the company are 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 performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the board of directors.



**Dominic Andreacchio**  
**Chairman**

Dated this 24th day of August, 2022

# Independent audit report



61 Bull Street  
Bendigo VIC 3550

[afs@afsbendigo.com.au](mailto:afs@afsbendigo.com.au)  
03 5443 0344

## Independent auditor's report to the Directors of Macedon Ranges Community Enterprises Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Macedon Ranges Community Enterprises Ltd'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 Macedon Ranges Community Enterprises 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.



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### 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: 24 August 2022

**Joshua Griffin**  
Lead Auditor



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