Annual Report

2022

Community Bank
Geraldton

ABN 90 132 512 460

Midwest Community
Enterprises Limited

Contents

Chairperson's Report

For the year ending 30 June 2022

Time seems to go so quick, and so when I sit and do this report it gives me time to reflect on the past and to vision the future and the exciting times ahead for your local Community Bank.

It has again been a year of growth and increased profitability, and so it results in greater Community contributions to the Midwest. The staff, as always, has been the driver of our culture and our success, and we are so grateful to Jody Beven and his amazing group that continue to make a long and lasting impact to everyone who lives and works in our Region.

I would also like to pay tribute to our Board of Directors. This group of passionate and committed volunteers has steered the direction over a great many years, and their silent and knowledgeable work has ensured that the Community Bank just continues to grow and flourish. Their reward is simply seeing people and Community organizations get assistance to continue their amazing work.

Changes are always coming, and we constantly research, analyze and direct our Community Bank to gain the best of what's ahead. In facing a new digital world where consumers require ease of access, in an environment of rising interest rates and staff shortages being felt everywhere, we continue to be strategic, informed, and ready for the next step.

For that reason, I continue to be enthused and excited about what's ahead. We have such an enormous opportunity in the future and am sure you will be just as excited as we are. I would like to thank our Shareholders for being with us on the journey. Your commitment to Community, your unwavering support of the model, and that feeling of just doing something amazing for your community is your reward.

We, as a Board and all the staff, will continue to nurture and grow this amazing social enterprise for the benefit of all into the future.

Thankyou to the Board of Directors, our Community Bank staff, our shareholders, our customers, and our partners Bendigo Bank .... Together we will continue to make a difference.

Rob Houwen
Chairperson
Midwest Community Enterprises Limited

Branch Manager's Report

For the year ending 30 June 2022

The 2021/22 financial year was another very exciting and rewarding one for everyone involved in our business, even if it still came with some challenges experienced by all of Australia from the Covid-19 pandemic. Despite these challenges our branch business volumes, income and profitability all grew at near record levels compared to our previous 12 years of operation.

Over the year total balances held by customers with us increased by $40.5 million (13.3%) and by June 2022 we had 7,321 accounts operated by 4,868 clients which reflect increases of 1,155 (18.7%) and 623 (14.7%) respectively on the prior year. These growth numbers represent the highest ever across a financial year which is a great outcome during a difficult period.

What was most pleasing during this past year was that our income grew by 5.99% from the previous year off the back of the increase in business volumes, despite increasing pressure on margin income due to the low interest rate environment experienced across the industry. Due to the extremely high levels of new business and customer growth we did see operating expenses increase by 15.98%, after adjusting for discretionary spending. The majority of this increase was in employment of additional staff which in itself is another positive outcome as it represents more expenditure in our local community, as well as positioning us for continuing exponential growth.

Despite the low interest rate environment (with a negative impact on margins in banking), and the additional expenses, we managed to record a very strong profit before tax of $225,699. This is despite spending $141,719 on Grants, Sponsorship, and other Marketing activities across the year, including nearly $90,000 distributed to over 50 groups and clubs in our annual Small Grants Round in June. A better comparison of our earnings is based on our profit before the discretionary spend on community activities which was $367,418 in 2021/22. While down on the previous year (where we distributed two rounds of grants due to deferring from the Covid-19 affected 2020 year) this still means an average increase over the past 5 years of 11.70%.

This past financial year also saw us continue in our payments to our shareholders, with another capital return of 10c per share, which resulted in $140,000 being distributed to our local community. We are confident we can maintain both a return to shareholders and distribution of grant funds every year from now on thanks to the solid business base that is now in place.

As usual there have been a number of changes in the staffing of the branch and in the support teams provided by Bendigo and Rural Bank, but the continued amount of positive feedback I get from our customers about the service provided by our staff makes me incredibly proud of the work they do every day, both in the branch and in the community.

The Board, ably led by Rob Houwen, continues to provide fantastic support and direction to the staff and are looking for any opportunity to promote our business and introduce their friends and business associates to our staff. The ongoing commitment and vision of all our directors is the inspiration for our staff, and their continual review of our strategic and business planning is vital to meet the constantly changing market in which we operate.

While the early signs for 2022/23 are that in some respects the economic and business environments in which we operate are not going to get any easier, but with increasing interest rates we are already seeing positive signs in the income streams we receive from Bendigo and this is a reward for the committed efforts over the past 3 years to build business volumes (despite the many challenges). We are hopeful that this lift in our share of the income from our business will be sustained throughout the financial year.

We ask that all our shareholders continue to support us, with your banking business and by promoting our service and experience with your families, friends and acquaintances. This support is what enables us to reward you with capital returns and dividends in the future.

I am looking forward to sharing our continued success with you in coming years.

Regards,

Jody Beven
Senior Branch Manager

Our Community Bank Team

Jody Beven
Senior Branch Manager
Commencement Date: April 2009

Kate York
Branch Manager
Commencement Date: May 2013

Sarah Thurkle
Business Development Manager
Commencement Date: March 2015

Kelly Eastough
Community Engagement Advisor
Commencement Date: January 2012

Mandy Woodman
Customer Relationship Officer
Commencement Date: June 2009

Carly Kay
Assistant Branch Manager
Commencement Date: August 2021

Renee Marchetti
Customer Relationship Manager
Commencement Date: August 2017

Gemma Jones
Customer Relationship Officer
Commencement Date: December 2019

Emma O'Donnell
Branch Operations Manager
Commencement Date: June 2020

Our Community Bank Team (continued)



Jordan Matthewman
Customer Service Officer
Commencement Date: October 2020

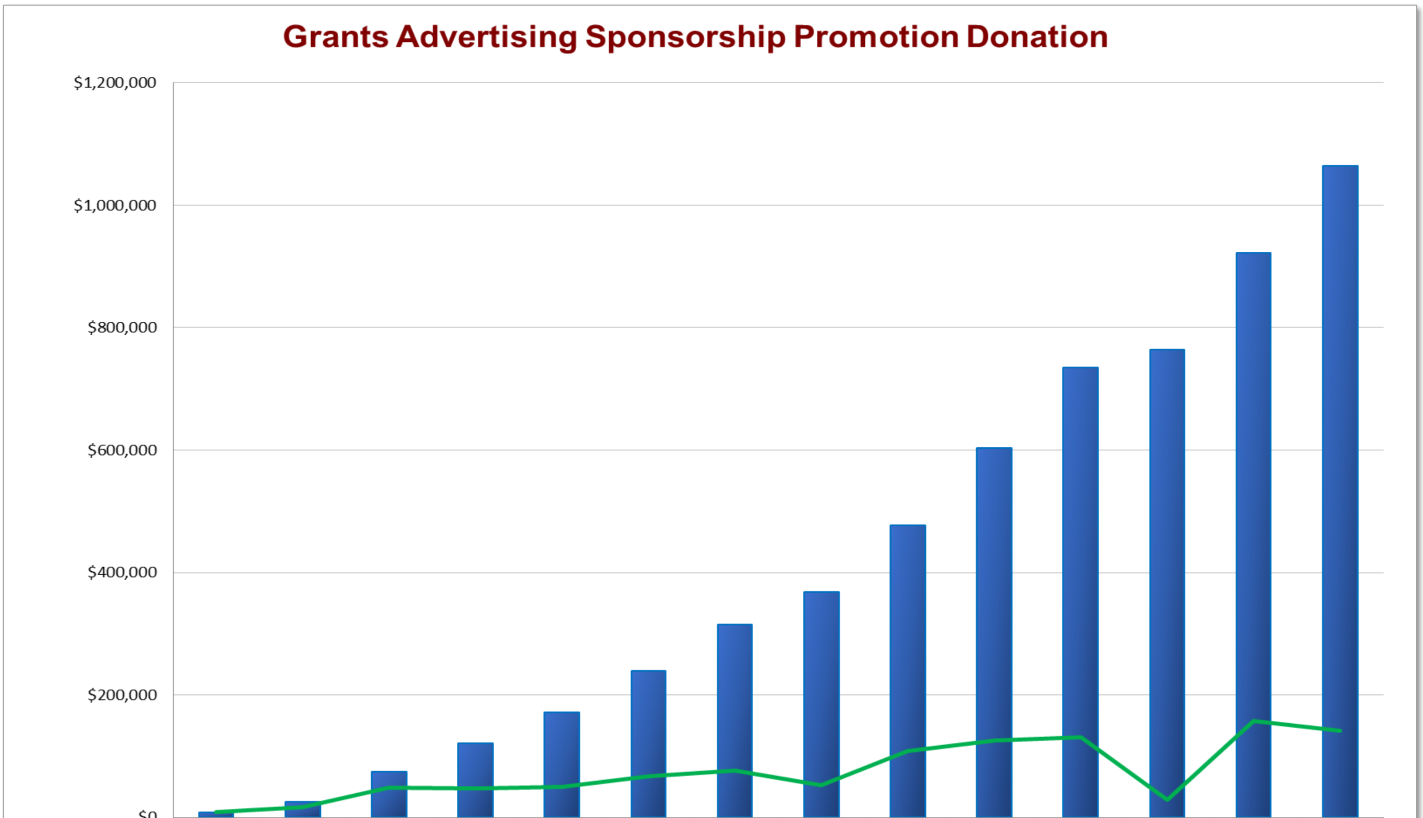
Eamonn Mitchell
Trainee Customer Service Officer
Commencement Date: October 2021

Loren McCabe
Customer Service Officer
Commencement Date: April 2022

Sponsorship & Contributions Report

In the Financial Year 2021/2022, a total of $141,719 was contributed to the Mid-West community via grants, advertising, sponsorship, promotion and donations.

Since opening the branch in 2009, a total of $1,063,910 has been contributed to the Mid-West community, of which $586,339 has been distributed over the past 5 years.



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cumulative	8,617	25,477	74,595	121,390	171,936	238,822	315,164	368,538	477,571	603,804	735,378	763,919	922,191	1,063,910
GASPD	8,617	16,860	49,118	46,795	50,546	66,886	76,342	53,374	109,033	126,233	131,574	28,541	158,272	141,719

Return of Capital Payments History

For the year ending 30 June 2022

Return of Capital to Shareholders		
Financial Year	Amount Per Share	Date Paid
2021/2022	.10	04 November 2021
2020/2021	.10	27 November 2020
2019/2020	.10	29 November 2019
2018/2019	.10	30 November 2018
2017/2018	.10	30 November 2017
2016/2017	.05	30 November 2016

Bendigo and Adelaide Bank Report

For the year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' Report

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

Directors

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

Robert Francis Houwen
Chairman
Experience and expertise: Dealer Principal - Geraldton Toyota. Treasurer of Rotary Club of Geraldton Greenough.
Special responsibilities: Chair & Finance Group

Wayne John Clarkson
Deputy Chairman
Experience and expertise: Current holder of Australian Financial Services License. Operating a general insurance broking service together with life insurance and superannuation products and services (broking) and Senior Associate CIP qualification.
Special responsibilities: Finance Group

Paul James Adam
Treasurer
Occupation: Accountant
Experience and expertise: Bachelor of Business, CPA, Principal of accounting practice Adam Hunter Pty Ltd. Public Practice Accountant for 23 years. Charter member of Taxation Institute of Australia. Director of Geraldton Resource Centre Inc. Tax agent with ATO for 27 years.
Special responsibilities: Treasurer and Finance Group

Gary Bruce Clark
Non-executive director
Experience and expertise: Former Manager Mission Australia, Regional Manager Dept. of Sport and Recreation (30 years), Assoc Dip Recreation, Life Member Surf Life Saving WA, Geraldton Surf Life Saving Club, Brigades Football Club and Geraldton Harriers Running Club. Founding Director and Former Owner-Manager Mid West Times Community Newspaper (Geraldton). Chairman Mid West Academy of Sport.
Special responsibilities: Chairman Marketing Committee

Emma McNerney
Non-executive director
Experience and expertise: Co-founder, Director and Creative Communities Portfolio Lead at Euphorium, Community Development at Ngala. Raised over $80,000 for local community causes through volunteer events. Long term volunteer. Twice winner Australia Day Active Citizenship Award (under26). Diploma of Events. Leadership empowerment facilitator.
Special responsibilities: Marketing Group

Kimberly James Stokes
Non-executive director (resigned 22 April 2022)
Experience and expertise: Self-employed small business adviser, previously senior administration officer Defence Satellite Communications Station Kojarena and employment services manager various country and metropolitan locations. Past chair, Geraldton Regional Community Education Centre and past Board Director Ngala, past President of The Geraldton Club and Past President and current member of the Rotary Club of Geraldton Greenough.
Special responsibilities: Marketing Group

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

Directors' Report (continued)

Company Secretary

The company secretary is Emma O'Brien. Emma was appointed to the position of secretary on 30 October 2018.

> Experience and expertise: Currently employed with Community Bank Geraldton as a Customer Service Officer. Previously employed as a finance officer, and has a decade of business, taxation, administration and financial experience. Emma is actively involved in the local community including Treasurer for the Wandina Parents & Citizens Association.

Principal activity

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

There have been no significant changes in the nature of these activities during the financial year.

Review of Operations

The profit for the company after providing for income tax amounted $168,572 (30 June 2021: $209,937).

Operations have continued to perform in line with expectations.

Significant changes in the state of affairs

There will be no significant changed in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

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

Meetings of directors

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

	Board	
	Eligible	**Attended**
Robert Francis Houwen	11	10
Wayne John Clarkson	11	10
Paul James Adam	11	11
Gary Bruce Clark	11	9
Emma McNerney	11	6
Kimberley James Stokes	7	4

Directors' benefits

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

Directors' interests

The interest in company shareholdings for each director are:

	Balance at start of the year	Changes $	Balance at the end of the year
Robert Francis Houwen	50,001	-	50,001
Wayne John Clarkson	28,001	-	28,001
Paul James Adam	7,001	-	7,001
Gary Bruce Clark	7,201	-	7,201
Emma McNerney	500	-	500
Kimberly James Stokes	10,000	-	10,000

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 24 to the accounts.

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

Non-audit services (continued)

- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor

- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants,* as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

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

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

On behalf of the directors

Robert Francis Houwen
Chair

19 August 2022

Auditor’s Independence Declaration

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Midwest Community Enterprises Limited

As lead auditor for the audit of Midwest Community Enterprises Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 31 August 2022

Adrian Downing
Lead Auditor

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	1,741,935	1,580,466
Other revenue	7	-	37,500
Finance income		15	36
Employee benefits expense	8	(1,048,442)	(865,693)
Advertising and marketing costs		(24,873)	(158,272)
Occupancy and associated costs		(39,873)	(23,922)
Systems costs		(37,604)	(38,831)
Depreciation and amortisation expense	8	(90,114)	(90,190)
Finance costs	8	(9,737)	(11,721)
General administration expenses		(149,490)	(154,795)
Profit before community contributions and income tax expense		**342,545**	**404,643**
Charitable donations and sponsorships expense		(116,846)	(130,064)
Profit before income tax expense		**225,699**	**274,579**
Income tax expense	9	(57,127)	(64,642)
Profit after income tax expense for the year	**19**	**168,572**	**209,937**
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		**168,572**	**209,937**

		Cents	Cents
Basic earnings per share	26	12.04	15.00
Diluted earnings per share	26	12.04	15.00

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

Statement of financial position

As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	538,491	528,336
Trade and other receivables	11	191,017	143,511
Current tax assets	9	41,123	6,980
Total current assets		**770,631**	**678,827**
Non-current assets			
Property, plant and equipment	12	185,111	156,659
Right-of-use assets	13	149,437	237,712
Intangible	14	26,368	39,551
Deferred tax asset	9	11,920	61,882
Total non-current assets		**372,836**	**495,804**
Total assets		**1,143,467**	**1,174,631**
Liabilities			
Current liabilities			
Trade and other payables	15	14,502	69,916
Lease liabilities	16	79,214	80,336
Employee benefits	17	133,226	121,712
Total current liabilities		**315,243**	**271,964**
Non-current liabilities			
Trade and other payables	15	14,502	29,004
Lease liabilities	16	114,443	193,657
Employee benefits	17	11,906	21,204
Total non-current liabilities		**140,851**	**243,865**
Total liabilities		**456,851**	**515,829**
Net Assets			
Equity			
Issued capital	18	588,397	728,398
Retained earnings/(accumulated losses)	19	98,976	(69,596)
Total equity		**687,373**	**658,802**

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

Statement of changes in equity

For the year ended 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		**868,399**	**(279,533)**	**588,866**
Profit after income tax expense		-	209,937	209,937
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	209,937	209,937
Transactions with owners in their capacity as owners:				
Capital returns	18	(140,001)	-	(140,001)
Balance at 30 June 2021		**728,398**	**(69,596)**	**658,802**
Balance at 1 July 2021		**728,398**	**(69,596)**	**658,802**
Profit after income tax expense		-	(168,572)	168,572
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	168,572	168,572
Transactions with owners in their capacity as owners:				
Capital returns	18	(140,001)	-	(140,001)
Balance at 30 June 2022		**588,397**	**98,976**	**687,373**

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

Statement of cash flows

For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,872,869	1,799,361
Payments to suppliers and employees (inclusive of GST)		(1,569,637)	(1,388,533)
		303,232	**393,641**
Interest received		15	36
Income taxes paid		(32,726)	(6,980)
Net cash provided by operating activities	25	270,521	386,697
Cash flows from investing activities			
Payments for right-of-use assets		-	(66,799)
Payments for property, plant and equipment		(17,108)	(34,982)
Payments for intangibles		(13,184)	(13,184)
Net Cash used in investing activities		(30,292)	(114,965)
Cash flows from financial activities			
Proceeds from lease liabilities		-	49,826
Payment for return of capital		(140,001)	(140,001)
Repayment of lease liabilities	16	(90,073)	(96,7970)
Net cash used in financing activities		(230,074)	(186,972)
Net increase in cash and cash equivalents		10,155	84,760
Cash and cash equivalents at the beginning of the financial year		528,336	443,576
Cash and cash equivalent at the end of the financial year	10	**538,491**	**528,336**

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

Notes to the Financial Statements
30 June 2022

Note 1. Reporting entity

The financial statements cover Midwest Community Enterprises Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered Office	Principal Place of Business
Unit 1 31-33 Hosken Street Bluff Point WA 6530	79 Forrest Street Geraldton WA 650

A description of the nature of the company's operations and its principal activity is included in the director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

Impairment

Non-derivative financial assets

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

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit rating provided but 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 amount of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

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

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

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

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

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

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

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

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

Note 5. Economic dependency (continued)

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	1,266,626	1,170,163
Fee income	94,348	88,348
Commission income	380,961	321,955
Revenue from contracts with customers	**1,741,935**	**1,580,466**

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Cash flow boost	-	37,500

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

Revenue stream	Revenue recognition policy
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g., monthly, or quarterly in the activity statement).

All revenue is stated net of the amount of GST.

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

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

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

Note 8. Expenses

	2022 $	2021 $
Depreciation and amortisation expense		
Depreciation of non-current assets		
Leasehold improvements	8,932	8,321
Plant and equipment	5,720	5,639
Property development work in progress	-	5,785
Motor vehicles	3,843	-
	18,436	**19,745**
Depreciation of right-of-use assets		
Leased land and buildings	48,965	48,964
Leased motor vehicles	9,471	8,297
	58,436	**57,261**
Amortisation of intangible assets		
Franchise fee	2,197	2,198
Franchise renewal process fee	10,986	10,986
	13,183	**13,184**
Finance Costs		
Lease interest expense	**9,737**	**11,721**

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

Note 8. Expenses (continued)

		2022 $	2021 $
	Employee benefit expenses		
-	Wages and salaries	878,724	728,619
-	Non-cash benefits	5,590	4,432
-	Superannuation contributions	103,849	93,056
-	Expenses related to long service leave	5,121	4,605
-	Other expenses	55,158	34,981
		1,047,442	**865,693**
	Leases recognition exemption		
-	Expenses relating to law-value leases	17,365	17,949

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

Note 9. Income tax

		2022 $	2021 $
Income tax expense			
-	Current tax	7,165	-
-	Movement in deferred tax	43,130	4,841
-	Reduction in company tax rate	-	2,475
-	Recoupment for prior year tax losses	6,832	57,326
	Aggregate income tax expense	**57,127**	**64,642**
Prima facie income tax reconciliation			
Profit before income tax expense		225,699	274,579
Tax at the statutory rate of 25% (2021: 26%)		**56,425**	**71,391**
Tax effect of:			
-	Non-deductible expenses	702	525
-	Other assessable income	-	2,475
-	Other assessable income	-	(9,749)
	Income tax expense	**57,127**	**64,642**

Note 9. Income tax (continued)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Tax losses	-	6,832
Property, plant and equipment	(37,776)	-
Employee benefits	36,282	35,729
Lease liabilities	(23,462)	(35,703)
Right-of-use assets	(23,462)	(35,703)
Deferred tax asset	**11,920**	**61,882**

	2022 $	2021 $
Income tax refund due	41,123	6,980

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

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash on hand	250	250
Cash at bank and on hand	538,241	528,086
	538,491	**528,336**

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	178,679	134,355
Other receivables and accruals	456	456
Prepayments	11,882	8,700
	12,338	9,156
	191,017	**143,511**

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements – at cost	288,680	272,890
Less: Accumulated depreciation	(152,847)	(143,915)
	135,833	**128,975**
Plant and equipment – at cost	96,146	94,828
Less: Accumulated depreciation	(72,864)	(67,144)
	23,282	**27,684**
Motor vehicles – at cost	46,117	-
Less: Accumulated depreciation	(20,121)	-
	25,996	-
Property development work in progress – at cost	5,785	5,785
Less: Accumulated depreciation	(5,785)	(5,785)
	-	-
	185,111	**156,659**

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Property development work in progress $	Total $
Balance at 1 July 2020	116,945	18,692	-	5,785	141,422
Additions	20,351	14,361	-	-	34,982
Depreciation	(8,321)	(5,639)	-	(5,785)	(19,745)
Balance at 30 June 2021	128,975	27,684	-	-	156,659
Additions	15,790	1,318	-	-	17,708
Transfers in/(out)	-	-	29,839	-	(18,495)
Depreciation	(8,932)	(5,720)	(3,843)	-	(18,495)
Balance at 30 June 2022	**135,833**	**23,282**	**25,996**	**-**	**185,111**

Transfer in
The motor vehicle previously purchased through a finance lease was transferred from right-of-use assets to property, plant and equipment upon the final lease payment.

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

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

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

Leasehold improvements	4 to 40 years
Plant and equipment	1 to 40 years
Motors vehicles	8 years

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

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

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

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

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings – right-of-use	731,557	731,557
Less: Accumulated depreciation	(637,709)	(588,744)
	93,848	**142,813**
Motor vehicles – right-of-use	66,799	112,916
Less: Accumulated depreciation	(11,210)	(18,017)
	55,589	**94,899**
	149,437	**237,712**

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

	Land and buildings $	Motor vehicles $	Total $
Balance at 1 July 2020	191,777	36,397	228,174
Additions	-	66,799	66,799
Depreciation expense	(48,964)	(8,297)	(57,261)
Balance at 30 June 2021	142,813	94,899	237,712
Transfers in/(out)	-	(29,839)	(29,839)
Depreciation expense	(48,965)	(9,471)	(58,436)
Balance at 30 June 2022	**93,848**	**55,589**	**149,437**

Transfer out
The motor vehicle previously purchased through a finance lease was transferred from right-of-use assets to property, plant and equipment upon the final lease payment.

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangibles

	2022 $	2021 $
Franchise fee	32,440	32,440
Less: Accumulated amortisation	(28,045)	(25,848)
	4,395	**6,592**
Franchise renewal fee	116,230	116,230
Less: Accumulated amortisation	(94,257)	(83,271)
	21,973	**32,959**
Establishment fee	100,000	100,00
Less: Accumulated amortisation	(100,00)	(100,000)
	-	-
	26,368	**39,551**

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

	Franchise fee $	Franchise renewal fee	Total $
Balance at 1 July 2020	8,790	43,945	52,735
Amortisation expense	(2,198)	(10,986)	(13,184)
Balance at 30 June 2021	6,592	32,959	39,551
Amortisation expense	(2,197)	(10,986)	(13,183)
Balance at 30 June 2022	**4,395**	**21,973**	**26,368**

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2024
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)	June 2024

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

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

Note 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	68,784	52,643
Other payables	34,019	17,273
	102,803	**69,916**
Non-current liabilities		
Other payables and accruals	**14,502**	**29,004**

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

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

Note 16. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	80,073	80,073
Unexpired interest	(4,525)	(7,483)
Motor vehicle lease liabilities	4,979	10,000
Unexpired interest	(1,313)	(2,254)
	79,214	**80,336**
Non-current liabilities		
Land and buildings lease liabilities	73,400	153,473
Unexpired interest	(1,443)	(5,967)
Motor vehicle lease liabilities	44,563	49,541
Unexpired interest	(2,077)	(3,390)
	114,443	**193,657**

	2022 $	2021 $
Reconciliation of lease liabilities		
Opening balance	273,993	309,243
Additional lease liabilities recognised	-	49,826
Lease interest expense	9,737	11,721
Lease payments – total cash outflow	(90,073)	(96,797)
	193,657	**273,993**

Note 16. Lease liabilities (continued)

	2022 $	2021 $
Maturity analysis		
Not later than 12 months	85,052	90,073
Between 12 months and 5 years	117,963	203,014
	203,015	**293,087**

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

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

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

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

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

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

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

The company's lease portfolio includes:

Geraldton branch	The lease commenced in June 2009. The company exercised a 5-year renewal option in June 2019. The company has no further renewal options available in the current lease agreement. As such, the lease term end date used in the calculation of the lease liability is May 2024. The discount rate used in calculations is 4.00%.
Motor vehicle	The lease agreement is a non-cancellable term of 3 years which commenced in February 2021. Upon the last lease payment, the registered security over the motor vehicles was removed.
Motor vehicle	This 3-year lease agreement ceased upon the financial payment in November 2021. Upon the last lease payment, the registered security over the motor vehicle was removed.

Note 17. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	59,315	62,220
Long service leave	73,911	59,492
	113,226	**121,712**
Non-current liabilities		
Long service leave	**11,906**	**21,204**

Accounting policy for employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service, but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Superannuation contributions
Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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

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

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

Note 18. Issued capital

	2022 Shares	2021 Share	2022 $	2021 $
Ordinary shares – fully paid	1,400,009	140,009	1,400,009	1,400,009
Less: Equity raising costs	-	-	(41,607)	(41,607)
Less: Return of capital	-	-	(770,005)	(630,004)
	1,400,009	**140,009**	**588,397**	**728,398**

Note 18. Issued capital (continued)

	2022 Shares	2021 Share	2022 $	2021 $
Reconciliation of issued capital movement				
Fully paid ordinary shares				
Balance of amount at beginning	1,400,009	728,398	1,400,009	868,399
Return of capital payment	-	(140,001)	-	(140,001)
	1,400,009	**588,397**	**1,400,009**	**728,398**

During the financial year, the company resolved an equal reduction of share capital of $0.10 per share. The return of capital was completed in November 2021 which resulted in the company returning $140,001 to its shareholders.

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

Rights attached to issued capital

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

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

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

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

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

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

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

Note 18. Issued capital (continued)

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 190. As at the date of this report, the company had 242 shareholders (2021: 242 shareholders).

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company. Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

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

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

Note 19. Retained earnings/(accumulated losses)

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(69,596)	(279,533)
Profit after income tax expense for the year	168,572	209,937
Retained earnings/(accumulated losses) at the end of the financial year	98,976	(69,596)

Note 20. Capital Management

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

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

The distribution limit is the greater of:

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

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

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

Note 21. Financial instruments

	2022 $	2021 $
Financial Assets		
Trade and other receivables	179,135	134,811
Cash and cash equivalents	538,491	528,336
	717,626	**663,147**

Financial liabilities		
Trade and other payables	117,305	98,920
Lease liabilities	193,657	273,993
	310,962	**372,913**

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

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

Financial assets are derecognised where the contractual rights to receipt of cash flows expires, or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial risk management
The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the Board.

Market risk
Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk
The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Cash flow and fair value interest rate risk
Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of $538,491 at 30 June 2022 (2021: $528,336). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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

Note 21. Financial instruments (continued)

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	102,803	14,502	-	117,305
Lease liabilities	85,052	117,963	-	203,015
Total non-derivatives	**187,855**	**132,465**	**-**	**320,320**

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	69,916	29,004	-	98,920
Lease liabilities	90,073	203,014	-	293,087
Total non-derivatives	**159,989**	**232,018**	**-**	**392,0077**

Note 22. Key management personnel disclosures

The following persons were directors of Midwest Community Enterprises Limited during the financial year:

Robert Francis Houwen
Wayne John Clarkson
Paul James Adam
Gary Bruce Clark
Emma McNerney
Kimberly James Stokes

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

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

Note 23. Related party transactions

The following transactions occurred with related parties:

	2022 $	2021 $
Paul James Adam has provided the company with secretarial and bookkeeping services. The total benefit received was:	3,155	3,963
Wayne Clarkson has been provided the company with insurance policy services. The total benefit received was:	1,172	-
R.L. Mitoke Pty Ltd, of which Robert Francis Houwen is a director, is The landlord of the branch premises at 79 Forest Street. The total Benefit received was:	80,072	80,072

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

Note 24. Remuneration of auditors

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

	2022 $	2021 $
Audit Services		
Audit or review of the financial statements	5,200	5,000
Other services		
General advisory services	3,070	3,080
Share registry services	3,561	3,262
	6,631	**6,342**
	11,831	**11,342**

Note 25. Reconciliation or profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	168,572	209,937
Adjustments for:		
Depreciation and amortisation	90,114	90,190
Lease liabilities interest	9,737	11,721
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(47,506)	7,207)
Increase in income tax refund due	(34,143)	-
Decrease in deferred tax assets	49,962	70,846
Increase/(decrease) in trade and other payables	31,569	(5,369)
Increase in employee benefits	2,216	2,165
Net cash provided by operating activities	**270,521**	**386,697**

Note 26. Earnings per share

	2022 $	2021 $
Profit after income tax	168,572	209,937

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,400,009	1,400,009
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,400,009	1,400,009

	Cents	Cents
Basic earnings per share	12.04	15.00
Diluted earnings per share	12,04	15.00

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Midwest Community Enterprises Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

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

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

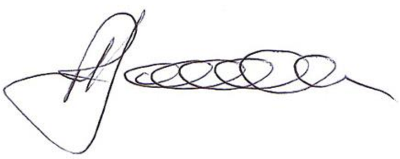
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Robert Francis Houwen
Chair

19 August 2022

Auditor’s Independence Declaration

61 Bull Street
Bendigo VIC 3550

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03 5443 0344

Independent auditor’s report to the Directors of Midwest Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Midwest Community Enterprises Limited’s (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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

AFS
Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

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03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor’s responsibilities for the Audit of the Financial Report

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

Auditor's Independence Declaration (continued)

61 Bull Street
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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: 31 August 2022

Adrian Downing
Lead Auditor

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Bendigo Bank

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