# Annual Report 2022

Monbulk & District Community Enterprises Limited


Community Bank
Monbulk & District

ABN 76 146 945 959

# Contents



We respectfully acknowledge the past and present traditional owners of this land, The Wurundjeri people, their Ngurungaeta - Murrundindi, and their Elders.

We also acknowledge with respect the First Australian peoples as the Traditional Custodians of this country and their continued connection to land, sea, and culture.

# Vision, strategy and values

## Our Vision

Our vision is to inspire, connect and lead our communities for sustainable growth and a vibrant future for all.

## Our Strategy

Our strategy is to focus on offering exceptional service, the number one bank of choice in the region and to share the benefits with our community.

## Our Values

**Ethical**
We act with honesty, and we deliver on our commitments.

**Responsive**
We are flexible and positive, adapting to changes in our customers and community's needs.

**Innovative**
We look to continually improve on the success of our business. We encourage creative thinking, new ideas and better solutions for and from our team, customers and community to create a sustainable business.

**Community**
We are passionate about giving back to the community we live in. We strive to create opportunities for connection and participation within our community, building strength and resilience.

**Shared Value**
We feed into the prosperity of our community rather than off it, leaving a legacy by investing in and for future generations.

# Our community


COMMUNITY
More than
**$660,000**
since 2012
INVESTMENT

The groups in our community we have supported in the last 12 months.

- Monbulk Pre-school
- The Patch Kinder (Sparkways TRY AUS)
- The Patch Primary School
- St Paul's Primary School
- Kallista Primary School
- Monbulk Primary School
- Mountain District Christian School
- Monbulk College
- Tribe Youth Monbulk
- Trek Learning Centre
- Monbulk Ranges Soccer Club
- Monbulk Junior Football Club
- Monbulk Netball Club
- Monbulk Senior Football Club
- Monbulk Table Tennis Club
- Monbulk Cricket Club
- Monbulk Tennis Club
- 1st Kallista Scouts
- 1st Monbulk Scouts
- Monbulk Girl Guides
- Monbulk Bowling Club
- Monbulk Pony Club
- Rotary Club of Monbulk & District
- Monbulk Historical Society
- Monbulk Fire & Rescue (CFA)
- Monbulk Produce Market
- MADCOW- Monbulk & District Community Opportunties Working Group
- Monbulk RSL
- Monbulk Clemeatis Adult Riding Club
- Dandenong Ranges Music Council
- Monbulk & District Men's Shed
- CWA Monbulk
- CWA Lady Nighthawks Monbulk
- Quilts for Orphans
- Open Door Pantry
- Monbulk Care Network
- Sherbrooke Lyrebird Survey Group
- Christmas Decorations Group Monbulk
- Monbulk Emergency Relief Fund (MERF)
- Mums of the Hills (MoTH's)
- Monbulk Marlins
- Emerald Monbulk Wildlife Shelter
- Monbulk Landcare
- Sylvan Glades Retirement Village
- Kindred Kindness
- Pawsome Friends
- U3A
- Monbulk Car Show

## Our Community Bank Model

For more than 10 years our Community Bank branch has continued to resonate with customers and our communities.

We deliver so much more than just quality banking services:

- Jobs for local people
- Investment opportunities for local shareholders
- Profits for the community; and
- Funding and assistance for important community projects.

*Community Bank Monbulk & District, owned by community, putting back into local projects.*

*Our Donations help build stronger, engaged, and authentic communities.*

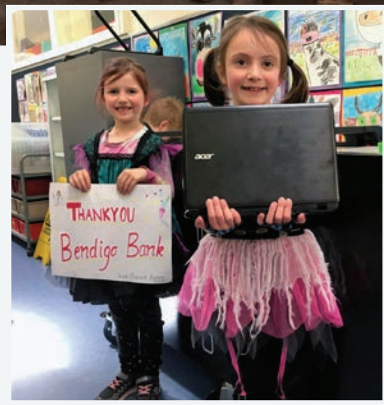
# Celebrating 10 years in Monbulk & District

Monbulk & District

When Community Bank Monbulk & District first opened its doors on 7 February 2012 the dream of a locally owned and operated Bank in town had turned into a reality. The reason behind a Community Bank in town was simple, to help build and strengthen an already amazing community.

The Community Bank model is a grassroots social enterprise business model that aims to feed into the prosperity of communities, where revenue is generated by the Bank's customers and invested back into the community through grants, scholarships, sponsorships, donations, and partnerships.





Over the last 10 years Community Bank Monbulk & District has financially supported hundreds of community initiatives and has become one of the biggest sources of community funding in Monbulk. In 2022 our community contributions reached over $660,000 invested back into Monbulk & District.

We are proud to have supported many community lead initiatives to help our town thrive. From supporting the Monbulk RSL with the purchase of a generator which was instrumental to the town during the power outages triggered by the storms in June 2021, to providing Open Door Pantry with funds towards the renovation of the pantry building located on the corner of David Hill Road and Moxhams Road, in conjunction with Carter Bros Fruit and Veg in Silvan we also donate fresh greengrocery food to the Open Door Pantry on a weekly basis. We have supported local school mentoring programs, mental health programs, run community movie nights for local families, helped to run the annual Merry Monbulk Street Party which is an event enjoyed by locals of all ages and many other grassroot initiatives.

We are thankful to have three staff members who have been with our business for 10 years, Branch Manager Aimee teBoekhorst, Assistant Branch Manager Rebecca Meyer and Business Development Manager Margaret Trezise are all local people with a passion for making a difference and this business has been the vehicle to make that a reality. Together with the rest of our amazing staff we are committed to helping our customers and to offer a great banking experience to our area.


Our Board of Directors are all volunteers and dedicate their time to ensure the success of the business and make sure the profits go back to local groups, clubs and organisations. Community Bank Monbulk & Districts Board of nine Directors all hold a local connection to our community and are a great representation of the people in our community. Many are parents or grandparents and have many years of business and professional experience, adding to the strength of the organisation.

Community Bank Monbulk & District also runs a 'Tokens of Appreciation' wall in the branch which allows our customers to decide which community groups they would like to support in the process of doing their banking with us. Over 40 local clubs, groups and schools are represented on the wall and customers can choose to support one or many of the groups when they open a banking product with us. In the 2021-22 financial year every single group represented on the tokens wall received funds thanks to our customers.

To celebrate our 10th birthday a free family fun day was held in early February at the Monbulk Recreation Reserve. The event was a huge success with many activities which entertained the whole family.

As we celebrate our 10th year in Monbulk & District, we would like to thank everyone who has contributed to our journey, our past and present Directors, our past and present staff, our shareholders for their support and our local community.

# Chairman's report

For year ending 30 June 2022

A coming together of representative of all schools, clubs and community groups, all excited to be there, networking and enjoying the company of like-minded contributors to community. The very reason for being and great stimulus to do more.

It is my privilege and pleasure to present the company's Annual Report for the year ending 30 June 2022.

This year we celebrated our 10th anniversary, a significant milestone, having opened our doors for businesses on 7 February 2012. Huge changes in how the banking industry, particularly how the big 4 conduct business has resulted in all our immediate competitors in town closing and focusing on online banking. Community Bank Monbulk & District provides all online facilities but more importantly excellent face-to-face customer service thereby we assure our account holders they are valued customers.

The Board, our Manager Aimee te Boekhorst and her team have an ever-increasing understanding of our community and what its needs are. A strong and stable team has delivered Community Bank Monbulk & District through the most difficult times. The pandemic, intense industry competition and two staff members away on maternity leave required a team effort and mutual support to see it through. A truly testing time!

Again, the horticultural and floricultural industries have consolidated their strong position gained in the last two years. This coupled with our shopping precinct being at full capacity endorsed that we are an even more vibrant and complete community.

We are pleased to have reached total business holdings of $210,792,212 a growth of $32,995,294 for the financial year.

We have now invested over $660,000 into our community. 10 years ago it was but a dream, but now a reality.

Our last community support night was the most encouraging event witnessed by our Board and staff. A coming together of representative of all schools, clubs and community groups, all excited to be there, networking and enjoying the company of like-minded contributors to community. The very reason for being and great stimulus to do more.

National community investment now stands at $292,000,000.

As in my last report this is what makes the Community Bank model unique.

The full Board meets 11 times a year. All sub committees meet regularly on an as needs basis. During the year focus is always on ensuring governance, business development, community investment and support of our Manager, Aimee te Boekhorst.

I thank all my fellow Directors for their dedicated effort and enthusiasm in which they approach their Directors' responsibilities.

I thank all our customers and shareholders for their continuing support and enabling us to grow our investment in our community.

Further milestones beckon and to all shareholders I encourage you to endorse our Community Bank to family and friends.

**Leo Koelewyn**
**Chairman**
**Monbulk & District Community Enterprises Limited**

# Manager's report

For year ending 30 June 2022

*Our vision is to support not only our customers, but our local clubs, groups, schools, and organisations. Since opening in 2012 we have given back just over $660,000 to our community, which is a wonderful achievement for all involved.*

This is the eleventh financial year since Community Bank Monbulk & District opened its doors on 7 February 2012.

This year we celebrated our 10th Birthday with a Family Fun Day and a Community night. Both were wonderful ways to celebrate our birthday with our shareholders, customers and community.

Due to our loyal customer base, staffing structure, and wonderful team we have had our strongest year yet.

We met or exceeded all KPI's and won four regional awards: Deposit Award, Wealth Award, General Insurance Award and Branch of the Year Award. We are extremely proud of these achievements.

As of the close of business on 30 June 2022 we have increased our customer base to 3,247 which is a growth of 274 customers for the year, over 8.4%.

Our total business holdings at the end of the 2021-22 financial year was $210,792,212. This represents a net growth of $32,995,294 during the last financial year, this is our largest annual growth to date. To all existing and new customers of Community Bank Monbulk & District thank you for contributing to these figures.

This financial year we plan to grow on what we do. We believe it is so important to be here and meet the needs of the people of Monbulk and District, and that's why we have implemented a lending hub next door to the branch. With our two branch lenders, Ellie and Fiona, and Margaret who has moved into a Business Development Manager role. This new role brings flexibility for our customers; Margaret is mobile and able to meet customers at their place of business and has flexibility in appointment times to assist with customers that cannot access the branch in business hours.

Community banking is a grassroots social enterprise business model that aims to feed into the prosperity of communities, where revenue is generated by the Community Bank's customers and invested back to the community via programs such as the sponsorship and grants. To all our Community Bank shareholders, you are a part of something special and should all be very proud.

Our vision is to support not only our customers, but our local clubs, groups, schools, and organisations. Since opening in 2012 we have given back just over $660,000 to our community, which is a wonderful achievement for all involved.

Envisage what this model could look like if everyone in the Monbulk and District area banked with us.

Since our last AGM, two of our staff Sarah and Ella have both had baby girls who are already growing up too fast. We have said goodbye to Tanya as she moved to the ocean and to a Bendigo team near to her new home and we have welcomed Melanie to our team. Thank you to all our staff Rebecca, Margaret, Fiona, Ellie, Sarah, Ella and Melanie. Customers love coming into Community Bank Monbulk & District because you are happy, kind and always willing to help. You are the face of our brand, and we appreciate your hard work and dedication to our business.

Thank you to our volunteer Board of Directors for your continued support of the branch and thank you for your vision to support our community. Having such a great board drives the difference that we make.

To our Regional Manager Chris Cahir and previous Regional Manager Simon Sponza and support staff of Bendigo and Adelaide Bank, thank you for your continued assistance and ongoing support.

Finally, on behalf of myself and my team, we would like to thank everyone who continues to support the Monbulk and District Community.

**Aimee te Boekhorst**
**Branch Manager**

# Secretary’s report

For year ending 30 June 2022

**Contagious Courage**

Each of us can a take a leaf out of the words of Michelle Obama:

*“Courage can be contagious, and hope can take on a new life of its own.”*

So, in the past two years we find ourselves stranded away from the so-called normal, but we haven’t had to wait for a lead from others to drive us forward.

For all the inequities we inflict on the planet there is an increasing hope and a burgeoning opportunity, because the great leaps in knowledge and connectivity that is occurring which gives us a contagious hope for unprecedented potential of renewal. Some will call it the new age.

Nowhere is this hope and potential better demonstrated than in the operation of our Community Bank and the enthusiasm and the dedication of the staff and Directors. This tiny handful of people has helped our community maintain a positive and forthright hope for future.

They have likewise overridden the dispirit of the age with this enthusiasm and this is what was needed. Like the staff we must seek reasons to be cheerful and there are plenty if we care to look. Beyond the regular negativity in social media marvel at the using our intellect, drive and ambition to do things rather than sitting around bemoaning the state of the world. Digitisation is changing the world faster than at any time in history. We must see the problems that seem insuperable today are within the reach of solutions of tomorrow.

Inspire others to do what they love. Use your creativity to create new works, and you never know what others will create. It’s time to let your mind create projects and ideas that will have a domino effect throughout the community.

“The only sure way to avoid making mistakes is to have no new ideas.” – Albert Einstein, and he further adds “Creativity is contagious, pass it on”.

Community Bank Monbulk & District is going from strength to strength by embracing new ideas by being courageous. And I thank the staff and Directors for living the dream of community banking.

**Ray Yates**
**Secretary**

# Treasurer's report

For year ending 30 June 2022

This growth in customers and business holdings was reflected in a pleasing increase in the revenue generated in the year, increasing to approximately $1,089,000.

I am pleased to present you with the finance report for the year ended 30 June 2022.

The year commenced in a very difficult environment for both our local community and the Community Bank in Monbulk itself, with ongoing government restrictions and other impacts of the COVID-19 pandemic. This coupled with some staff changes and absences during the year put our team under additional pressure and it is a testament to their dedication and professionalism that our bank has continued to support its customers and perform so well.

It is also very pleasing to see that the ongoing and growing support we enjoy from the Monbulk community with customer numbers at the Community Bank growing by over 8% in the year and total business holdings growing by 19% to approximately $211,000,000.

This growth in customers and business holdings was reflected in a pleasing increase in the revenue generated in the year, increasing to approximately $1,089,000. This was despite the low interest rate environment we are operating within and strong pricing competition from other banks.

Your Board believes that investing in our staff is critical to maintaining our high levels of customer service and sustaining our strong growth in both business holdings and revenue. To this end, we have increased the resourcing dedicated to providing flexible support to our customers via the lending hub and the creation of a new business development role. While this has increased operating costs, we are confident that the investment will reap future reward through driving the growth of our business holdings.

The increased operating costs have reduced earnings in the year despite the increase in revenue, with our profit before income tax at $51,544 after maintaining our high levels of community support.

In light of the reduced earnings in the year, we have taken the decision to accordingly reduce our return to shareholders and have declared an unfranked divided of 6 cents per share in respect of the 2022 year. This dividend will be paid on 21 November 2022.

In summary, despite the tough operating environment and some short term staffing challenges, we continue to grow the business, deliver a sound financial result and maintain our strong contribution to the local community whilst providing solid shareholder returns.

We believe the investments we have made this year will drive future growth and increase our ability to support both our local community and shareholders.

We look forward to another successful year ahead.

**Stephen McDonald**
**Treasurer**

# Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

**Justine Minne**
**Bendigo and Adelaide Bank**

# Community Bank National Council report

## For year ending 30 June 2022

As a shareholder in your local Community Bank, you are part of this incredible social network that is playing an increasingly important role in the Australian economy.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches.

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1,600+ volunteer Directors, 1,600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

The Community Bank network invests via grants, donations and sponsorships that connect with and care for generations of Australians. Funding programs range from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. The Community Bank influence further extends to facilitating and attracting other partners to help subsidise much needed community projects.

The relationship with the Bank, which has been fashioned out of shared effort, risk and reward, is clearly a philosophy that works. Also supporting the network, is the Community Bank National Council (CBNC), which advocates and influences on behalf of the 240 community enterprises with its partners.

The three strategic pillars of the 2022-23 CBNC strategy are to:

- Develop a community network strategy to ensure the ongoing sustainability of our community enterprises
- Advocate for and champion the uniqueness and value of our social enterprises
- Unite the network to leverage our community presence and amplify our community impact.

All Directors and shareholders should feel proud of the network which has collectively delivered enormous impact in our local communities.

We are community builders and investors with a national presence, whilst still retaining grass roots community connections. It's through this unique point of difference, and the commitment of our directors and shareholders, that we are well positioned to embrace the change that is upon us.

Next year our Community Bank network celebrates 25 years, but in many respects, it's only the beginning for our collective of social enterprises.

Warm regards

**Sarah Franklyn**
**CBNC Chair**

# Directors' report

## For the financial year ended 30 June 2022

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

**Directors**

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

### Leonardus Josephus Cornelis Koelewyn

Title: Chairman

Experience and expertise: Past President Nursery and Garden Industry Victoria, past Vice President Monbulk Football and Netball Club, Past Director Monbulk Bowling Club. Served on Committees - Nursery industry including Finance, Quarantine, Trade Market Day, Garden State Advisory Council, Melbourne International Flower and Garden Show (MIFGS). Vice President National Nursery and Garden Industry. Chairman of Woori Yallock Streamflow Consultative Committee.

Special responsibilities: Chairman & HR Committee.

### Kellie Ann Clay

Title: Non-executive director

Experience and expertise: Kellie began working in public accounting in 1996 while completing her Bachelor of Business (Accounting). She began managing an office branch of Taxbiz Australia in 2004 and was offered partnership in 2009. In 2015 she founded Elysium Accounting with two business partners. In Kellie's 20 years of experience in public accounting she has gained a vast knowledge of many aspects of business, including taxation, accounting principles, business structures, audit, internal business practices & systems, and SMSF advice. She has gained experience in many different business industries.

Special responsibilities: Finance Committee, HR Committee.

### Raymond Leslie Yates

Title: Non-executive director

Experience and expertise: Shire Councillor for 21 years. Justice of the Peace. Freeman of the Shire of Lilydale, former President of Rotary and Paul Harris Fellow, life member of Japara Community House, life member of Lilydale Historical Society, trust member of Lilydale and Districts Museum, Citizen of the Year Yarra Ranges Shire, foundation member of the Upper Yarra Valley and Dandenong Ranges Planning Authority, inaugural member of the Australian Local Government Association, school Principal for over 28 years. Recipient of the Centenary Medal and National Service Medal. Professional development presenter and facilitator. Chairman of Dandenong Ranges Music Council. Chairperson of Japara Community House. Treasurer of Sylvan Glades Homes.

Special responsibilities: Company Secretary, Governance Committee.

### Directors (continued)

## Stephen Michael McDonald

Title: Non-executive director

Experience and expertise: Stephen is a senior financial executive with broad experience in all aspects of financial management, corporate governance, and management of risk, ICT and supply chain functions in both private and publicly listed companies. In a career spanning 29 years in the accounting profession, Stephen has held a number of senior finance roles across a broad range of industries. Stephen is a member of CPA Australia and holds a Bachelor of Economics from Monash University. An active contributor to the local community, Stephen was a school councillor at The Patch primary school for 8 years, on the committee of The Patch Landcare Group, is currently the secretary of the Monbulk Junior Football Club and is a member of the Advisory Board of Mount Lilydale Mercy College.

Special responsibilities: Finance Committee, HR Committee.

## Jennifer Rae Nash

Title: Non-executive director

Experience and expertise: A long time resident of Monbulk, Jenni currently works for a local real estate office. She has previously owned her own business in Monbulk and has managed other businesses including women's and children's fashion stores and wholesale florists. She is a past President of St Paul's Primary School Parents and Friends Assoc., where her three children attended school. Jenni also co-ordinated the fundraising for Monbulk Jnr football club for three years and is a past member of the Monbulk Business Network. Her passion for the Monbulk community is reflected in her role here at the Community Bank, and in her drive to promote the benefits of banking with Bendigo and how the bank supports the community. Jennifer currently volunteers at Monbulk Care Network Op Shop and Open Door Community Food Pantry.

Special responsibilities: Minutes Secretary, Chair Marketing & Sponsorship Committee.

## Peter Herbert D'Abico

Title: Non-executive director

Experience and expertise: Peter is a small business owner & operator. Former Banker & Cattle Farmer.

Special responsibilities: Nil.

## Sarah Melanie Tebbutt

Title: Non-executive director

Experience and expertise: Currently Sarah is managing the role of community development & engagement for a large property development firm. Sarah is also a Community Bank Mentor contracting to Bendigo Bank working with Community Banks around Australia as well as assisting with projects to support the network. Sarah works along aside the Monbulk board supporting the administration of the company. Also Sarah has many years' experience in community groups and organisations and is currently working with the Community Enterprise Foundation, Bendigo Banks of the Yarra Ranges and Yarra Ranges Council on a new model of delivering community recovery and the chair of a Mountain Biking committee running a school program. Previously, Sarah has been awarded an Australia Day award for service to the community by the Yarra Ranges Council.

Special responsibilities: Business Development Committee, HR Committee and Marketing & Sponsorship Committee.

### Directors (continued)

#### Andrew James Raper

Title: Non-executive Director

Experience and expertise: Qualified Nurseryman. Current President of Camellias Victoria and National council representive to Camellias Australia. Past Board member of Nursery and Garden Industry Victoria, Melbourne International Flower and Garden Show.

Special responsibilities: Nil.

#### Danielle Maree Utting

Title: Non-executive director (resigned 15 November 2021)

Experience and expertise: Currently the Director for Care3, a business that provides advice and support to Aged people needing more care at home or nursing home care. Danielle holds a Bachelor of Arts/Bachelor of Social Work and has experience working in Local & State Government and Not-For Profits. Danielle is involved in the Monbulk Primary School Council and Monbulk Preschool Committees and has experience in Community Grants program with Knox Council. She also is involved with the Monbulk Netball club by way of the Club Committee.

Special responsibilities: Sponsorships & Marketing.

### Company secretary

The Company secretary is Raymond Yates. Raymond was appointed to the position of Company secretary on 24 November 2014.

### Principal activity

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

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

### Review of operations

The profit for the company after providing for income tax amounted to $38,637 (30 June 2021: $99,033).

Operations have continued to perform in line with expectations.

### Dividends

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

| | 2022<br>$ |
|---|---|
| Unfranked dividend of 8 cents per share (2021: 8 cents) | 68,081 |

### Significant changes in the state of affairs

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

### Matters subsequent to the end of the financial year

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

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

### Likely developments

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

### Environmental regulation

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

### Meetings of directors

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

| | Board | |
|---|---|---|
| | Eligible | Attended |
| Leonardus Josephus Cornelis Koelewyn | 12 | 12 |
| Kellie Ann Clay | 12 | 8 |
| Raymond Leslie Yates | 12 | 11 |
| Stephen Michael McDonald | 12 | 9 |
| Jennifer Rae Nash | 12 | 10 |
| Peter Herbert D'Abico | 12 | 10 |
| Sarah Melanie Tebbutt | 12 | 10 |
| Andrew James Raper | 12 | 9 |
| Danielle Maree Utting | 5 | 4 |

Eligible: represents the number of meetings held during the time the director held office.

### Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

### Directors' interests

The interest in company shareholdings for each director are:

| | Balance at the start of the year $ | Changes $ | Balance at the end of the year $ |
|---|---|---|---|
| Leonardus Josephus Cornelis Koelewyn | 82,000 | - | 82,000 |
| Kellie Ann Clay | - | - | - |
| Raymond Leslie Yates | 10,000 | - | 10,000 |
| Stephen Michael McDonald | - | - | - |
| Jennifer Rae Nash | 500 | - | 500 |
| Peter Herbert D'Abico | - | - | - |
| Sarah Melanie Tebbutt | 4,000 | - | 4,000 |
| Andrew James Raper | 5,000 | - | 5,000 |
| Danielle Maree Utting | 5,000 | - | 5,000 |

### Indemnity and insurance of directors and officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

### Proceedings on behalf of the company

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

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

### Indemnity and insurance of auditor

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

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

### Non-audit services

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

### Non-audit services (continued)

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

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

### Auditor's independence declaration

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

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

On behalf of the directors

Leonardus Josephus Cornelis Koelewyn
Chairman

20 October 2022

# Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Monbulk & District Community Enterprises Limited

As lead auditor for the audit of Monbulk & District 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: 20 October 2022

**Adrian Downing**
**Lead Auditor**

# Financial statements

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

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| Revenue from contracts with customers | 6 | 1,088,641 | 979,932 |
| Other revenue | 7 | - | 37,500 |
| Employee benefits expense | 8 | (691,699) | (543,184) |
| Charitable donations, sponsorship, advertising and promotion expenses | | (107,654) | (115,429) |
| Occupancy and associated costs | | (18,770) | (20,488) |
| System costs | | (33,583) | (34,893) |
| Depreciation and amortisation expense | 8 | (60,165) | (64,278) |
| Finance costs | 8 | (8,756) | (9,821) |
| General administration expenses | | (116,470) | (106,518) |
| **Profit before income tax expense** | | **51,544** | **122,821** |
| Income tax expense | 9 | (12,907) | (23,788) |
| **Profit after income tax expense for the year** | **20** | **38,637** | **99,033** |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year** | | **38,637** | **99,033** |
| | | **Cents** | **Cents** |
| Basic earnings per share | 28 | 4.54 | 11.64 |
| Diluted earnings per share | 28 | 4.54 | 11.64 |

*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 | 409,605 | 443,153 |
| Trade and other receivables | 11 | 117,500 | 91,145 |
| **Total current assets** | | **527,105** | **534,298** |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 112,005 | 120,940 |
| Right-of-use assets | 13 | 161,826 | 192,932 |
| Intangibles | 14 | 75,924 | 23,552 |
| Deferred tax assets | 9 | 26,704 | 39,612 |
| **Total non-current assets** | | **376,459** | **377,036** |
| **Total assets** | | **903,564** | **911,334** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 15 | 74,717 | 94,696 |
| Lease liabilities | 16 | 35,037 | 32,949 |
| Employee benefits | 17 | 92,553 | 57,402 |
| **Total current liabilities** | | **202,307** | **185,047** |
| **Non-current liabilities** | | | |
| Trade and other payables | 15 | 44,763 | - |
| Lease liabilities | 16 | 138,305 | 169,970 |
| Employee benefits | 17 | 5,666 | 15,181 |
| Provisions | 18 | 20,504 | 19,673 |
| **Total non-current liabilities** | | **209,238** | **204,824** |
| **Total liabilities** | | **411,545** | **389,871** |
| **Net assets** | | **492,019** | **521,463** |
| **Equity** | | | |
| Issued capital | 19 | 823,643 | 823,643 |
| Accumulated losses | 20 | (331,624) | (302,180) |
| **Total equity** | | **492,019** | **521,463** |

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

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

| | Note | Issued capital $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| **Balance at 1 July 2020** | | 823,643 | (333,132) | 490,511 |
| Profit after income tax expense | | - | 99,033 | 99,033 |
| *Transactions with owners in their capacity as owners:* | | | | |
| Dividends provided for | 22 | - | (68,081) | (68,081) |
| **Balance at 30 June 2021** | | **823,643** | **(302,180)** | **521,463** |
| **Balance at 1 July 2021** | | 823,643 | (302,180) | 521,463 |
| Profit after income tax expense | | - | 38,637 | 38,637 |
| *Transactions with owners in their capacity as owners:* | | | | |
| Dividends provided for | 22 | - | (68,081) | (68,081) |
| **Balance at 30 June 2022** | | **823,643** | **(331,624)** | **492,019** |

*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) | | 1,159,582 | 1,148,689 |
| Payments to suppliers and employees (inclusive of GST) | | (1,069,310) | (925,376) |
| | | 90,272 | 223,313 |
| Interest and other finance costs paid | | - | (1,221) |
| **Net cash provided by operating activities** | **27** | **90,272** | **222,092** |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (3,940) | (1,642) |
| Payments for intangibles | | (10,631) | (13,872) |
| **Net cash used in investing activities** | | **(14,571)** | **(15,514)** |
| **Cash flows from financing activities** | | | |
| Dividends paid | 22 | (68,081) | (68,081) |
| Repayment of lease liabilities | 16 | (41,168) | (40,985) |
| **Net cash used in financing activities** | | **(109,249)** | **(109,066)** |
| Net increase/(decrease) in cash and cash equivalents | | (33,548) | 97,512 |
| Cash and cash equivalents at the beginning of the financial year | | 443,153 | 345,641 |
| **Cash and cash equivalents at the end of the financial year** | **10** | **409,605** | **443,153** |

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

# Notes to the financial statements

For the year ended 30 June 2022

## Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 70 Main Road, Monbulk VIC 3793.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 October 2022. The directors have the power to amend and reissue the financial statements.

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

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

## Note 3. Significant accounting policies

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

### Changes in accounting policies, standards and interpretations

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

### Current and non-current classification

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

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

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

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

## Note 3. Significant accounting policies (continued)

**Impairment**

*Non-derivative financial assets*

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

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

*Non-financial assets*

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

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

*Goods and Services Tax (GST)*

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

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

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

## Note 4. Critical accounting judgements, estimates and assumptions

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

*Coronavirus (COVID-19) pandemic*

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

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

*Estimation of useful lives of assets*

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

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

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

*Recovery of deferred tax assets*

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

*Lease term*

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

*Incremental borrowing rate*

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

*Employee benefits provision*

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

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

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

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

## Note 5. Economic dependency

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

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

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

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

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

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

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

## Note 6. Revenue from contracts with customers

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Margin income | 907,044 | 741,705 |
| Fee income | 81,435 | 64,820 |
| Commission income | 100,162 | 173,407 |
| **Revenue from contracts with customers** | **1,088,641** | **979,932** |

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

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

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

## Note 6. Revenue from contracts with customers (continued)

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

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

*Revenue calculation*

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

*Margin*

Margin is arrived at through the following calculation:

Interest paid by customers on loans less interest paid to customers on deposits

***plus:*** any deposit returns i.e. interest return applied by Bendigo Bank for a deposit

***minus:*** any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

*Commission*

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

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

*Fee income*

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

*Core banking products*

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

*Ability to change financial return*

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

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

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

## Note 7. Other revenue

| | 2022 $ | 2021 $ |
|---|---|---|
| **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

**Depreciation and amortisation expense**

| | 2022 $ | 2021 $ |
|---|---|---|
| *Depreciation of non-current assets* | | |
| Leasehold improvements | 8,234 | 8,404 |
| Plant and equipment | 4,641 | 7,163 |
| | **12,875** | **15,567** |
| *Depreciation of right-of-use assets* | | |
| Leased land and buildings | 34,772 | 35,280 |
| *Amortisation of intangible assets* | | |
| Franchise fee | 2,087 | 2,238 |
| Franchise renewal fee | 10,431 | 11,193 |
| | **12,518** | **13,431** |
| | **60,165** | **64,278** |

**Finance costs**

| | 2022 $ | 2021 $ |
|---|---|---|
| Lease interest expense | 7,925 | 7,706 |
| Unwinding of make-good provision | 831 | 894 |
| Other | - | 1,221 |
| | **8,756** | **9,821** |

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

## Note 8. Expenses (continued)

### Employee benefits expense

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Wages and salaries | 568,939 | 451,761 |
| Superannuation contributions | 57,913 | 44,666 |
| Expenses related to long service leave | 8,568 | 9,201 |
| Other expenses | 56,279 | 37,556 |
| | **691,699** | **543,184** |

### Leases recognition exemption

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Expenses relating to low-value leases** | **15,360** | **15,716** |

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<br>$ | 2021<br>$ |
|---|---|---|
| *Income tax expense* | | |
| Recoupment of prior year tax losses | 22,826 | 25,817 |
| Movement in deferred tax | (9,919) | (2,029) |
| **Aggregate income tax expense** | **12,907** | **23,788** |
| *Prima facie income tax reconciliation* | | |
| Profit before income tax expense | 51,544 | 122,821 |
| Tax at the statutory tax rate of 25% (2021: 26%) | 12,886 | 31,933 |
| Tax effect of: | | |
| Non-deductible expenses | 21 | 21 |
| Non-assessable income | - | (9,750) |
| Reduction in company tax rate | - | 1,584 |
| **Income tax expense** | **12,907** | **23,788** |

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| *Deferred tax assets/(liabilities)* | | |
| Tax losses | 3,525 | 26,351 |
| Employee benefits | 27,272 | 19,646 |
| Provision for lease make good | 5,126 | 4,918 |
| Lease liabilities | 43,336 | 50,730 |
| Right-of-use assets | (40,456) | (48,233) |
| Property, plant and equipment | (12,099) | (13,800) |
| **Deferred tax asset** | **26,704** | **39,612** |

## Note 9. Income tax (continued)

*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<br>$ | 2021<br>$ |
|---|---|---|
| **Cash at bank and on hand** | **409,605** | **443,153** |

*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<br>$ | 2021<br>$ |
|---|---|---|
| Trade receivables | 109,905 | 80,992 |
| Other receivables and accruals | 200 | 200 |
| Prepayments | 7,395 | 9,953 |
| | **7,595** | **10,153** |
| | **117,500** | **91,145** |

*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 | 212,070 | 212,070 |
| Less: Accumulated depreciation | (117,376) | (109,142) |
| | **94,694** | **102,928** |
| Plant and equipment - at cost | 72,066 | 68,126 |
| Less: Accumulated depreciation | (54,755) | (50,114) |
| | **17,311** | **18,012** |
| | **112,005** | **120,940** |

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 $ | Total $ |
|---|---|---|---|
| Balance at 1 July 2020 | 111,332 | 23,533 | 134,865 |
| Additions | - | 1,642 | 1,642 |
| Depreciation | (8,404) | (7,163) | (15,567) |
| **Balance at 30 June 2021** | **102,928** | **18,012** | **120,940** |
| Additions | - | 3,940 | 3,940 |
| Depreciation | (8,234) | (4,641) | (12,875) |
| **Balance at 30 June 2022** | **94,694** | **17,311** | **112,005** |

*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 |

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<br>$ | 2021<br>$ |
|---|---|---|
| Land and buildings - right-of-use | 359,028 | 355,362 |
| Less: Accumulated depreciation | (197,202) | (162,430) |
| | **161,826** | **192,932** |

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<br>$ | Total<br>$ |
|---|---|---|
| Balance at 1 July 2020 | 124,498 | 124,498 |
| Remeasurement adjustments | 103,714 | 103,714 |
| Depreciation expense | (35,280) | (35,280) |
| **Balance at 30 June 2021** | **192,932** | **192,932** |
| Remeasurement adjustments | 3,666 | 3,666 |
| Depreciation expense | (34,772) | (34,772) |
| **Balance at 30 June 2022** | **161,826** | **161,826** |

*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<br>$ | 2021<br>$ |
|---|---|---|
| Domiciled customer accounts | 15,360 | 15,360 |
| Franchise fee | 32,007 | 21,192 |
| Less: Accumulated amortisation | (21,913) | (19,826) |
| | **10,094** | **1,366** |
| Franchise renewal fee | 110,036 | 55,961 |
| Less: Accumulated amortisation | (59,566) | (49,135) |
| | **50,470** | **6,826** |
| | **75,924** | **23,552** |

## Note 14. Intangibles (continued)

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

| | Domiciled customer accounts $ | Franchise fee $ | Franchise renewal fee $ | Total $ |
|---|---|---|---|---|
| Balance at 1 July 2020 | 15,360 | 3,604 | 18,019 | 36,983 |
| Amortisation expense | - | (2,238) | (11,193) | (13,431) |
| **Balance at 30 June 2021** | **15,360** | **1,366** | **6,826** | **23,552** |
| Additions | - | 10,815 | 54,075 | 64,890 |
| Amortisation expense | - | (2,087) | (10,431) | (12,518) |
| **Balance at 30 June 2022** | **15,360** | **10,094** | **50,470** | **75,924** |

*Additions*

During the financial year the franchise fee was renewed. This is being amortised over five years to February 2027.

*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. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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) | February 2027 |
| Franchise renewal fee | Straight-line | Over the franchise term (5 years) | February 2027 |
| Domiciled customer accounts | Assessed for impairment | Indefinite | N/A |

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 | 23,705 | 18,423 |
| Other payables and accruals | 51,012 | 76,273 |
| | **74,717** | **94,696** |
| *Non-current liabilities* | | |
| **Other payables and accruals** | **44,763** | **-** |

## Note 15. Trade and other payables (continued)

*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<br>$ | 2021<br>$ |
|---|---|---|
| *Current liabilities* | | |
| Land and buildings lease liabilities | 41,640 | 40,831 |
| Unexpired interest | (6,603) | (7,882) |
| | **35,037** | **32,949** |
| *Non-current liabilities* | | |
| Land and buildings lease liabilities | 149,210 | 187,142 |
| Unexpired interest | (10,905) | (17,172) |
| | **138,305** | **169,970** |

### Reconciliation of lease liabilities

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Opening balance | 202,919 | 130,057 |
| Remeasurement adjustments | 3,666 | 106,141 |
| Lease interest expense | 7,925 | 7,706 |
| Lease payments - total cash outflow | (41,168) | (40,985) |
| | **173,342** | **202,919** |

### Maturity analysis

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Not later than 12 months | 41,640 | 40,831 |
| Between 12 months and 5 years | 149,210 | 163,324 |
| Greater than 5 years | - | 23,818 |
| | **190,850** | **227,973** |

*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.

## Note 16. Lease liabilities (continued)

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:

| | |
|---|---|
| 70 Main Road | The company exercised a 5 year extension option in February 2022. The company has no renewal option available. As such, the lease term end date used in the calculation of the lease liability is January 2027. The discount rate used in calculations is 3.54%. |
| 68 Main Road | The company exercised a 5 year extension option in February 2022. The company has no renewal option available. As such, the lease term end date used in the calculation of the lease liability is January 2027. The discount rate used in calculations is 3.54%. |

## Note 17. Employee benefits

| | 2022 $ | 2021 $ |
|---|---|---|
| *Current liabilities* | | |
| Annual leave | 44,416 | 27,348 |
| Long service leave | 48,137 | 30,054 |
| | **92,553** | **57,402** |
| *Non-current liabilities* | | |
| **Long service leave** | **5,666** | **15,181** |

### *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.

## Note 17. Employee benefits (continued)

*Other long-term employee benefits*

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

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

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

## Note 18. Provisions

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Lease make good** | **20,504** | **19,673** |

*Lease make good*

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

| Lease | Lease term expiry date per AASB 16 | Estimated provisions |
|---|---|---|
| 68 Main Road | January 2027 | $12,400 |
| 70 Main Road | January 2027 | $12,400 |

*Accounting policy for provisions*

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

## Note 19. Issued capital

| | 2022<br>Shares | 2021<br>Shares | 2022<br>$ | 2021<br>$ |
|---|---|---|---|---|
| Ordinary shares - fully paid | 851,010 | 851,010 | 851,010 | 851,010 |
| Less: Equity raising costs | - | - | (27,367) | (27,367) |
| | **851,010** | **851,010** | **823,643** | **823,643** |

*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.

## Note 19. Issued capital (continued)

**Rights attached to issued capital**

*Ordinary shares*

Voting rights

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

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

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

Dividends

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

Transfer

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

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

*Prohibited shareholding interest*

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 195. As at the date of this report, the company had 204 shareholders (2021: 205 shareholders).

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

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

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

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

## Note 20. Accumulated losses

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Accumulated losses at the beginning of the financial year | (302,180) | (333,132) |
| Profit after income tax expense for the year | 38,637 | 99,033 |
| Dividends paid (note 22) | (68,081) | (68,081) |
| **Accumulated losses at the end of the financial year** | **(331,624)** | **(302,180)** |

## Note 21. Capital management

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

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

The distribution limit is the greater of:

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

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

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

## Note 22. Dividends

Dividends provided for and paid during the period

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

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Unfranked dividend of 8 cents per share (2021: 8 cents)** | **68,081** | **68,081** |

*Accounting policy for dividends*

Dividends are recognised in the financial year they are declared.

## Note 23. Financial instruments

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Financial assets** | | |
| Trade and other receivables | 110,105 | 81,192 |
| Cash and cash equivalents | 409,605 | 443,153 |
| | **519,710** | **524,345** |

## Note 23. Financial instruments (continued)

| | 2022 $ | 2021 $ |
|---|---|---|
| **Financial liabilities** | | |
| Trade and other payables | 119,480 | 94,696 |
| Lease liabilities | 173,342 | 202,919 |
| | **292,822** | **297,615** |

### 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 $409,605 at 30 June 2022 (2021: $443,153). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

### Credit risk

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

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

## Note 23. Financial instruments (continued)

**Liquidity risk**

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

*Exposure to liquidity risk*

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

| 2022 | 1 year or less $ | Between 1 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Trade and other payables | 74,717 | 44,763 | - | 119,480 |
| Lease liabilities | 41,640 | 149,210 | - | 190,850 |
| **Total non-derivatives** | **116,357** | **193,973** | **-** | **310,330** |

| 2021 | 1 year or less $ | Between 1 and 5 years $ | Over 5 years $ | Remaining contractual maturities $ |
|---|---|---|---|---|
| **Non-derivatives** | | | | |
| Trade and other payables | 94,696 | - | - | 94,696 |
| Lease liabilities | 40,831 | 163,324 | 23,818 | 227,973 |
| **Total non-derivatives** | **135,527** | **163,324** | **23,818** | **322,669** |

## Note 24. Key management personnel disclosures

The following persons were directors of Monbulk & District Community Enterprises Limited during the financial year:

Leonardus Josephus Cornelis Koelewyn
Raymond Leslie Yates
Jennifer Rae Nash
Sarah Melanie Tebbutt
Andrew James Raper
Kellie Ann Clay
Stephen Michael McDonald
Peter Herbert D'Abico
Danielle Maree Utting

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

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

## Note 25. Related party transactions

The following transactions occurred with related parties:

| | 2022 $ | 2021 $ |
|---|---|---|
| Sarah Tebbutt receives remuneration for bookkeeping, business development, business administration and support services provided to the Board. | 29,790 | 28,800 |

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

## Note 26. 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<br>$ | 2021<br>$ |
|---|---|---|
| *Audit services* | | |
| Audit or review of the financial statements | 5,200 | 5,000 |
| *Other services* | | |
| Taxation advice and tax compliance services | 600 | 600 |
| General advisory services | 3,630 | 2,520 |
| Share registry services | 3,619 | 4,631 |
| | **7,849** | **7,751** |
| | **13,049** | **12,751** |

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

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Profit after income tax expense for the year | 38,637 | 99,033 |
| Adjustments for: | | |
| Depreciation and amortisation | 60,165 | 64,278 |
| Lease liabilities interest | 7,925 | 7,706 |
| Change in operating assets and liabilities: | | |
| Decrease/(increase) in trade and other receivables | (26,355) | 11,225 |
| Decrease in deferred tax assets | 12,908 | 23,789 |
| Increase/(decrease) in trade and other payables | (29,475) | 10,685 |
| Increase in employee benefits | 25,636 | 4,482 |
| Increase in other provisions | 831 | 894 |
| **Net cash provided by operating activities** | **90,272** | **222,092** |

## Note 28. Earnings per share

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Profit after income tax** | **38,637** | **99,033** |

| | Number | Number |
|---|---|---|
| Weighted average number of ordinary shares used in calculating basic earnings per share | 851,010 | 851,010 |
| **Weighted average number of ordinary shares used in calculating diluted earnings per share** | **851,010** | **851,010** |

| | Cents | Cents |
|---|---|---|
| Basic earnings per share | 4.54 | 11.64 |
| Diluted earnings per share | 4.54 | 11.64 |

## Note 28. Earnings per share (continued)

*Accounting policy for earnings per share*

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Monbulk & District 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 29. Commitments

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

## Note 30. Contingencies

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

## Note 31. Events after the reporting period

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

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

# Directors' declaration

## For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

L. Koelewyn

Leonardus Josephus Cornelis Koelewyn
Chairman

20 October 2022

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

# Independent auditor's report to the Directors of Monbulk & District Community Enterprises Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Monbulk & District Community Enterprises Limited (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 Monbulk & District 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.

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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: 20 October 2022

**Adrian Downing**
**Lead Auditor**

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