Annual Report 2022

Narrandera District Investments Limited

Community Bank
Narrandera & District

ABN 58 107 510 494

Contents

Chair's report	2
Manager's report	4
Directors' report	5
Auditor's independence declaration	9
Financial statements	10
Notes to the financial statements	14
Directors' declaration	36
Independent audit report	37

Chair's report

For year ending 30 June 2022

On behalf of Narrandera District Investments Limited I am pleased to present our annual report for 2021-22.

The 2022 financial year has been one of significance for many reasons. There have been some tremendous and exciting changes in our business, Community Bank Narrandera & District.

Staff

We had a turnover in our staff at the end of 2021 and the beginning of 2022.

In November 2021 three staff members resigned around the same time. Customer Service Officer, Michelle Russell, Customer Relations Officer, Sandra Carey and Customer Service Officer, Heather Russell. Sandra had been with the Bank since opening its doors in 2004, Michelle since 2011 and Heather since 2015. The Board was disappointed to lose all three at the one time.

This was followed in March 2022 with the unanticipated and unplanned resignation of our then Manager, Robert Hanlon. Robert was our inaugural and only Manager up until that time, having guided the business through its early days of establishment and growth. Robert was valued by the Board and, like the other staff, Robert was popular with his clients and always a tremendous advocate for the business model adopted for Community Banking.

These losses of experienced and long standing staff found the Board in a challenging managerial positon.

Fortunately, Janelle Broadhead who was employed as our Customer Relationship Manager in June 2020, stepped up to the role of Manager, whilst staff member Emily Stevens and new comer Cora Clowes, united to see that the business was managed as efficiently and effectively as was possible under these unprecedented circumstances. Rebecca Hanby and Ellen Butt then joined the team and the branch operations began to settle into some normalcy, whilst the new staff adjusted to their roles and compulsory training within the branch.

We are very proud and grateful to these staff members who have worked and managed under such challenging circumstances.

Building

31 May 2022 saw the Community Bank open its doors at its own premises, with the redevelopment of 116 East Street. A building that previous NDIL Boards had purchased some years earlier with the goal of cementing Community Bank Narrandera & District permantly into the Narrandera and District landscape. This being a tremendous achievement for all those shareholders, Board members and customers who invested back in the very beginning of the Bank's history seeking a Bank that would service and look after the community needs and goals.

In this day and age when the corporate financial institutions are abandoning our communities and pushing everyone into online banking, we can say that we are here to stay with professional in house staff and a complete range of financial product.

The new premises has brought a positive and strengthening outlook for the Community Bank business and an enhancement to tired looking commercial sector.

Board

It was with great sadness that during the year we lost a long standing Board member and Chair Elizabeth (Beth) Bock passed after a battle with brain cancer. Beth had resigned from the Board and was residing in Cambodia when her illness struck. Beth had been an inaugural member of the steering committee, a Board member, and a long serving Chair. A valued participant in the NDIL formation and establishment of Community Bank Narrandera.

Another loss was that of Jan Bock, who passed suddenly at her home. Jan was a former Secretary for the NDIL Board and was valued for her commitment to that role.

Sandra Carberry resigned from her role as Secretary and Board member in June 2022. Again another valued volunteer who worked for a long time over the past eighteen years with various NDIL Boards. The Board wishes Sandra well in her new adventure and thanks her for contribution to the business.

During the year we were very pleased to welcome Julie Mulholland to the Board.

I believe it also appropriate at this time to thank my fellow Board members who pulled together so well when the business endured a monumental disruption over the New Year period. We are very fortunate to have the volunteers we do, and the expertise they bring to our Boardroom.

Future

The Board takes a very realistic and informed vision for our business heading into the unknown of rising interest rates, the struggle to reduce inflation, the ever-changing fiscal legislation and governance policies.

Janelle Broadhead, Manager, reports to the Board each month and explains and keeps us up-to-date as to where the business stands in the current financial environment. With that information in mind the Board then deals with its commitments to the community and assesses how best to support, assist, or fund projects and infrastructure in the district.

Looking to the future, we are seeking through our investment with the Community Enterprise Foundation™, to assist in long term projects that offer sustainability and longevity to our community. Infrastructure that will have long term benefits to the community and enhances its asset profile.

Our business is now well positioned to ensure that our staff receive the best of training and that they stay current of all ASIC and APRA requirements. With the recruitment of new staff and under the management of Janelle Broadhead, our business can support our customers and continue to deliver long term growth for our security holders.

Our people and culture are a very significant part of our approach to being a responsible, sustainable business, along with our community, environmental and economic performance.

In closing, again, I would like to thank my fellow Directors and the staff of Community Bank Narrandera & District for their valuable contribution and support in what has been a challenging year.

Sue Foley
Chair

Manager's report

For year ending 30 June 2022

Dearest shareholders, its my pleasure to introduce myself. My name is Janelle Broadhead. I stepped into the role of Branch Manager in November 2021 after Robert Hanlon's annual leave unfortunately and unexpectedly became an extended absence that resulted in his early retirement from Community Bank Narrandera & District. This was the first of many changes for the branch this year, which sees us start off the new financial year in a very new way.

This financial year has once again seen us work through difficult and trying times. COVID-19, the rising cost of living and the uncertainty of other world events impacts were felt across the board leading to a drop off in new business from around January 2022. Despite this, we have managed to come in over target for both the lending and deposit growth this financial year.

This FY has seen us settle 36 loans worth over 11 million dollars, and a growth of over 5 million in deposits. The branch closed out the year with $121,865,722 on the books, and a total This was a growth of$ 365,722,000 compared to where we sat 12 months ago. This is directly a result of the hard work shown by our staff members this year.

2021 saw four staff members (some who had been with the branch from its opening) retire or move on to other passion projects. This not only resulted in my promotion to Branch Manager but brought us our wonderful Customer Service Manager Cora Clowes. Cora has been a blessing for Community Bank Narrandera & District, and I can't wait to tackle the new financial year with her by my side. Within the next few months Cora will complete the appropriate training and see her hold her own DLA and the ability to approve loans. This will increase the Community Bank Narrandera & District's ability to bring in new business by having two lenders again.

Alongside Cora and myself, we have a fresh faced team of local women acting as Customer Service Officers. I am proud to say that this financial year has seen our customer satisfaction survey score increase to now sit at 4.9/5. The girls have all been well received by the community and strive every day to help and serve under the community bank name.

As a Community Bank, we have been able to provide support and financial assistance to several local events/groups/sports teams. This year we donated $30,000 towards the installation of new clubrooms at the sportsground and we again sponsored races at the Narrandera race days. Importantly this year we donated $40,000 and sponsored the local Narrungdera Earth Fest – a local display of aboriginal culture. I was very fortunate to be able to attend the opening ceremony with local elders, the mayor and other community members.

In other big changes, this year saw us close the agency in West Wylong. This was not a lightly made decision, however with the current operators Wendy and Leslie looking to step away and spend more time on their business and family commitments, it was ultimately a business decision to let that be the end of a chapter. This financial year also saw us finally move out of the offices at the top of East Street and into our permanent home at 116 East Street, the very centre of town. This was a big move, which created a lot of local interest. The newfound visibility alongside the closure of other financial institutions both in Narrandera and nearby Leeton resulted in a steady stream of new accounts and lending business. We are proud to still be open and operating through what has been one of the most challenging years for the branch since its conception.

Now that we have worked through and overcome the challenges of the past year, I am excited to lead our new team and see where we can take Community Bank Narrandera & District in the next 12 months. As a Community Bank, we are only as strong as the people of Narrandera and surrounds make us. Our profits are put back into the community, allowing us to grow and support more local ventures - so please, if you aren't already, come bank with Community Bank Narrandera & District.

Janelle Broadhead
Branch Manager

Directors' report

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

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

Name:	Susan Patricia Foley
Title:	Chair
Experience and expertise:	Susan is a Part Time Admin Assistant. Susan's previous employment includes, Shire Visitor information Centre Coordinator and Administration at Auswild & Broad Accountancy office. Susan has experience owning her own business. She is also a former staff member of Narrandera Bendigo Community Bank. Susan has a Diploma of Teaching Early Childhood and was a Preschool Director.
Special responsibilities:	Chair, Company Secretary

Name:	Kerry Terese Sproston
Title:	Treasurer
Experience and expertise:	Kerry is a bookkeeper. Teaching qualifications were completed in 1974, Accounting qualifications in 1994. BSP for Tax Professionals Board. Committee and Treasurer for NSW Women's Rural Gathering Narrandera 2017. Currently Vice President of Narrandera Ex-Servicemen's Club. Trustee of Narrandera Racecourse Land Managers.
Special responsibilities:	Nil

Name:	Stephen John McIntyre
Title:	Non-executive director
Experience and expertise:	Prior to retirement, Stephen ran a dairy farm after finishing school before going on to TAFE. He graduated from the William Anglis School of Catering and Butchery in Melbourne. After he joined the Navy for seven years and specialised in Nuclear Biological & Chemical Defence. Since then Stephen has owned and operated his own business for 32 years and has been a Director of ANGEMAC for the past 20 years. He has been involved with the Community Bank for the past 9-10 years in a couple of capacities both as a customer and now as a Director. Over past years Stephen and his wife have helped the community wherever they can. They enjoy living in the community and are looking forward to continued involvement with the Community Bank for the foreseeable future.
Special responsibilities:	Nil

Name:	Graham Kenneth Bock
Title:	Non-executive director
Experience and expertise:	Graham is a Plant & Workshop Manager at Narrandera Shire. Graham spent 13 years being a Mechanic at the local Ford Dealership. He has over 17 years experience as a truck driver and maintenance for a local feedlot. Graham was owner and driver of a small trucking business for 5 years. He also owned his own beef cattle farm for 35 years. He has been a member of the Lions Club for 10 years, 3 of which he has held the title of President.
Special responsibilities:	Nil

Name:	Jack Kennings Langley
Title:	Non-executive director
Experience and expertise:	Jack is currently employed at Narrandera's local law firm, as a Solicitor with Farrell Goode Solicitors. Jack has completed a bachelor of Laws through the University of New England, projected to complete in December 2021. Jack graduated Narrandera High School in 2017, attaining an ATAR of 92.1. In the same year he was recipient of Narrandera's Young Citizen of the Year award. Jack has previously been the Secretary of the Narrandera Town Band and the annual John O'Brien Festival. His family owns a cropping and wool farm north of Narrandera which he assists on. Jack is excited to be part of the board and looks forward to supporting the town and surrounding Districts.
Special responsibilities:	Nil

Name:	Vickie Lynette Lander
Title:	Non-executive director (appointed 26 October 2021)
Experience and expertise:	Vickie is retired. Registered Nurse. Registered Midwife. Child and Family Health Nurse. Women's Health Nurse. Lactation Consultant. Clinical Nurse Consultant and Antenatal Care Coordinator for Adolescent Health, Justice Health & Forensic Mental Health Network, NSW Ministry of Health.
Special responsibilities:	Nil

Name:	Sandra Anne Carberry
Title:	Non-executive director (resigned 21 June 2022)
Experience and expertise:	Sandra is retired. Tafe Business and Financial Skills IV. 5 years office Administrator at HMG. 5 years Toy shop Manager Leeton Toy and Hobby. 10 year volunteer with Salvation Army Family store.
Special responsibilities:	Secretary, Marketing & Media committee and Community Projects Committee.

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

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

- Susan Patricia Foley was appointed company secretary on 26 July 2022.
- Sandra Anne Carberry was appointed as company secretary on 14 November 2018 and ceased on 21 June 2022.

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 $80,278 (30 June 2021: $220,556).

Operations have continued to perform in line with expectations.

Dividends

	2022 $
Fully franked dividend of 5 cents per share	32,225

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

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

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

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

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

	Board	
	Eligible	Attended
Susan Patricia Foley	12	11
Kerry Terese Sproston	12	12
Stephen John McIntyre	12	10
Graham Kenneth Bock	12	9
Jack Kennings Langley	12	11
Vickie Lynnette Lander	12	10
Sandra Anne Carberry	12	5

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 26 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
Susan Patricia Foley	1,000	500	1,500
Kerry Terese Sproston	1,000	-	1,000
Stephen John McIntyre	-	-	-
Graham Kenneth Bock	1,000	-	1,000
Jack Kennings Langley	100	-	100
Vickie Lynnette Lander	-	-	-
Sandra Anne Carberry	501	-	501

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 27 to the accounts.

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

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

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

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

On behalf of the directors

Susan Patricia Foley
Chair

23 September 2022

Auditor’s independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Narrandera District Investments Limited

As lead auditor for the audit of Narrandera District Investments 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: 23 September 2022

Joshua Griffin
Lead Auditor

Narrandera District Investments Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	916,488	899,791
Other revenue	7	20,968	44,089
Finance revenue		1,472	4,012
Employee benefits expense	8	(460,723)	(398,035)
Charitable donations, sponsorship, advertising and promotion		(90,275)	(43,933)
Occupancy and associated costs		(23,393)	(22,143)
System costs		(22,147)	(19,044)
Depreciation and amortisation expense	8	(90,344)	(55,348)
Finance costs	8	(2,176)	(6,048)
General administration expenses		(142,740)	(112,084)
Profit before income tax expense		107,130	291,257
Income tax expense	9	(26,852)	(70,701)
Profit after income tax expense for the year	21	80,278	220,556
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		80,278	220,556
		Cents	**Cents**
Basic earnings per share	29	12.46	34.22
Diluted earnings per share	29	12.46	34.22

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

Narrandera District Investments Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	487,663	779,753
Trade and other receivables	11	106,753	75,178
Current tax assets	9	108,898	-
Total current assets		703,314	854,931
Non-current assets			
Property, plant and equipment	12	910,274	212,755
Right-of-use assets	13	-	18,117
Intangibles	14	26,368	39,552
Deferred tax assets	9	-	14,160
Total non-current assets		936,642	284,584
Total assets		1,639,956	1,139,515
Liabilities			
Current liabilities			
Trade and other payables	15	42,700	60,781
Borrowings	16	93,900	-
Lease liabilities	17	-	21,643
Current tax liabilities	9	-	31,367
Employee benefits	18	5,934	51,374
Provisions	19	20,000	23,904
Total current liabilities		162,534	189,069
Non-current liabilities			
Trade and other payables	15	-	14,502
Borrowings	16	456,642	-
Deferred tax liabilities	9	50,185	-
Employee benefits	18	281	13,683
Total non-current liabilities		507,108	28,185
Total liabilities		669,642	217,254
Net assets		970,314	922,261
Equity			
Issued capital	20	644,509	644,509
Retained earnings	21	325,805	277,752
Total equity		970,314	922,261

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

Narrandera District Investments Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		644,509	57,196	701,705
Profit after income tax expense		-	220,556	220,556
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	220,556	220,556
Balance at 30 June 2021		644,509	277,752	922,261

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		644,509	277,752	922,261
Profit after income tax expense		-	80,278	80,278
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	80,278	80,278
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(32,225)	(32,225)
Balance at 30 June 2022		644,509	325,805	970,314

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

Narrandera District Investments Limited
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)		1,016,031	1,031,995
Payments to suppliers and employees (inclusive of GST)		(947,444)	(667,850)
		68,587	364,145
Interest received		1,472	4,012
Interest and other finance costs paid		(542)	(2)
Income taxes paid		(84,921)	(74,474)
Net cash provided by/(used in) operating activities	28	(15,404)	293,681
Cash flows from investing activities			
Payments for property, plant and equipment		(759,638)	(20,522)
Payments for intangibles		(13,184)	(13,184)
Net cash used in investing activities		(772,822)	(33,706)
Cash flows from financing activities			
Proceeds from borrowings	16	550,542	-
Dividends paid	23	(32,225)	(32,255)
Repayment of lease liabilities	17	(22,181)	(30,278)
Net cash provided by/(used in) financing activities		496,136	(62,533)
Net increase/(decrease) in cash and cash equivalents		(292,090)	197,442
Cash and cash equivalents at the beginning of the financial year		779,753	582,311
Cash and cash equivalents at the end of the financial year	10	487,663	779,753

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 Narrandera District Investments 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:

Registered office	Principal place of business
Unit 1, 185 Morgan Street Wagga Wagga NSW 2650	92 East Street Narrandera NSW 2700

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

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

Note 5. Economic dependency

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

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

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

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	805,268	785,058
Fee income	62,428	65,947
Commission income	48,792	48,786
Revenue from contracts with customers	916,488	899,791

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

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

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

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

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

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

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.

Note 6. Revenue from contracts with customers (continued)

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 $**
Net gain on disposal of assets	1,924	-
Market development fund	19,044	22,500
Cash flow boost	-	21,589
Other revenue	20,968	44,089

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Net gain on disposal of assets	Revenue from disposal of assets is recorded on the disposal date. It contains gains from the disposal of the right-of-use asset net of losses on disposal of property, plant and equipment.

All revenue is stated net of the amount of GST.

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

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

Note 7. Other revenue (continued)

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

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Buildings	21,968	5,331
Leasehold improvements	6,863	6,450
Plant and equipment	784	738
Furniture and fittings	721	682
Motor vehicles	28,707	7,177
	59,043	20,378
Depreciation of right-of-use assets		
Leased land and buildings	18,117	21,786
Amortisation of intangible assets		
Franchise fee	2,197	2,197
Franchise renewal fee	10,987	10,987
	13,184	13,184
	90,344	55,348

Finance costs

	2022 $	2021 $
Bank loan interest paid or accrued	542	-
Lease interest expense	538	4,942
Unwinding of make-good provision	1,096	1,106
	2,176	6,048

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

Note 8. Expenses (continued)

Employee benefits expense

	2022 $	2021 $
Wages and salaries	378,543	328,628
Non-cash benefits	8,324	8,375
Superannuation contributions	37,363	33,899
Expenses related to long service leave	(14,619)	(716)
Other expenses	51,112	27,849
	460,723	398,035

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	11,051	6,594

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	-	74,264
Movement in deferred tax	64,345	(4,129)
Reduction in company tax rate	(37,493)	566
Aggregate income tax expense	26,852	70,701
Prima facie income tax reconciliation		
Profit before income tax expense	107,130	291,257
Tax at the statutory tax rate of 25% (2021: 26%)	26,783	75,727
Tax effect of:		
Non-deductible expenses	69	22
Reduction in company tax rate	-	566
Other assessable income	-	(5,614)
Income tax expense	26,852	70,701

Note 9. Income tax (continued)

	2022 $	2021 $
Deferred tax attributable to:		
expense accruals	375	375
employee provisions	1,554	16,264
make-good provision	5,000	5,976
lease liabilities	-	5,411
property, plant and equipment	(57,114)	(9,337)
right-of-use assets	-	(4,529)
Deferred tax asset/(liability)	(50,185)	14,160

	2022 $	2021 $
Income tax refund due	108,898	-

	2022 $	2021 $
Provision for income tax	-	31,367

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

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	123,332	416,894
Term deposits	364,331	362,859
	487,663	779,753

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

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	103,248	63,294
Prepayments	3,505	11,884
	106,753	75,178

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 $
Land - at cost	39,600	39,600
Buildings - at cost	840,964	142,506
Less: Accumulated depreciation	(33,109)	(11,141)
	807,855	131,365
Leasehold improvements - at cost	48,845	156,030
Less: Accumulated depreciation	(2,026)	(151,193)
	46,819	4,837
Plant and equipment - at cost	10,640	13,121
Less: Accumulated depreciation	(515)	(8,954)
	10,125	4,167
Fixtures and fittings - at cost	9,089	9,577
Less: Accumulated depreciation	(3,214)	(5,498)
	5,875	4,079
Motor vehicles - at cost	-	36,710
Less: Accumulated depreciation	-	(8,003)
	-	28,707
	910,274	212,755

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

	Land $	Buildings $	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2020	39,600	116,174	11,287	4,905	4,761	35,884	212,611
Additions	-	20,522	-	-	-	-	20,522
Depreciation	-	(5,331)	(6,450)	(738)	(682)	(7,177)	(20,378)
Balance at 30 June 2021	39,600	131,365	4,837	4,167	4,079	28,707	212,755
Additions	-	698,458	48,845	9,015	3,320	-	759,638
Disposals	-	-	-	(2,273)	(803)	-	(3,076)
Depreciation	-	(21,968)	(6,863)	(784)	(721)	(28,707)	(59,043)
Balance at 30 June 2022	39,600	807,855	46,819	10,125	5,875	-	910,274

Additions
During the financial year the company completed a fit out at the new Narrandera branch.

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.

Note 12. Property, plant and equipment (continued)

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

Leasehold improvements	4 to 10 years
Plant and equipment	5 to 10 years
Furniture, fixtures and fittings	4 to 20 years
Motor vehicles	1 year

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

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

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

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

Note 13. Right-of-use assets

	2022 $	**2021 $**
Land and buildings - right-of-use	-	109,025
Less: Accumulated depreciation	-	(90,908)
	-	18,117

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

	Land and buildings $	Total $
Balance at 1 July 2020	149,157	149,157
Remeasurement adjustments	(109,254)	(109,254)
Depreciation expense	(21,786)	(21,786)
Balance at 30 June 2021	18,117	18,117
Depreciation expense	(18,117)	(18,117)
Balance at 30 June 2022	-	-

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 17 for more information on lease arrangements.

Note 14. Intangibles

	2022 $	2021 $
Franchise fee	22,440	22,440
Less: Accumulated amortisation	(18,044)	(15,847)
	4,396	6,593
Franchise renewal fee	112,192	112,192
Less: Accumulated amortisation	(90,220)	(79,233)
	21,972	32,959
	26,368	39,552

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	8,790	43,946	52,736
Amortisation expense	(2,197)	(10,987)	(13,184)
Balance at 30 June 2021	6,593	32,959	39,552
Amortisation expense	(2,197)	(10,987)	(13,184)
Balance at 30 June 2022	4,396	21,972	26,368

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

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

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

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

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

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

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

Note 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Other payables and accruals	42,700	60,781
Non-current liabilities		
Other payables and accruals	-	14,502

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. Borrowings

	2022 $	2021 $
Current liabilities		
Bank loans	93,900	-
Non-current liabilities		
Bank loans	456,642	-

Bank loans
A bank loan was taken out during the period to partly fund the branch renovations and refit. It is repayable monthly. Interest is recognised at rate of 5.14%. The loans are secured by a fixed and floating charge over the company's assets.

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

Note 17. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	-	22,181
Unexpired interest	-	(538)
	-	21,643

Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	21,643	161,720
Remeasurement adjustments	-	(114,741)
Lease interest expense	538	4,942
Lease payments - total cash outflow	(22,181)	(30,278)
	-	21,643

Maturity analysis

	2022 $	2021 $
Not later than 12 months	-	22,181

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

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

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

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

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

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

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

The company's lease portfolio includes:

Narrandera branch	The lease agreement expired in May 2022 and was not renewed.

Remeasurement adjustments
During the previous financial year, the company determined it was no longer reasonably certain to exercise the extension options available for the Narrandera branch lease due to moving to new location. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred using the closure date of 30 April 2022.

Note 18. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	5,934	19,524
Long service leave	-	31,850
	5,934	51,374
Non-current liabilities		
Long service leave	281	13,683

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

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

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

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

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

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

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

Note 19. Provisions

	2022 $	2021 $
Lease make good	20,000	23,904

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $20,000 for the Narrandera Branch lease, based on the actual amount paid in July.

Note 19. Provisions (continued)

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

Note 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	644,509	644,509	644,509	644,509

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

Note 20. Issued capital (continued)

- 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").

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 21. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	277,752	57,196
Profit after income tax expense for the year	80,278	220,556
Dividends paid (note 23)	(32,225)	-
Retained earnings at the end of the financial year	325,805	277,752

Note 22. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 23. Dividends

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

	2022 $	2021 $
Fully franked dividend of 5 cents per share (2021: nil cents)	32,225	-

Dividends paid during the period
The following dividends were paid to shareholders during the reporting period as presented in the Statement of cash flows.

	2022 $	2021 $
Unfranked dividend of nil cents per share (2021: 5 cents)	-	32,255

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	251,258	176,784
Franking credits (debits) arising from income taxes paid (refunded)	84,921	74,474
Franking debits from the payment of franked distributions	(10,742)	-
	325,437	251,258
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	325,437	251,258
Franking credits (debits) that will arise from payment (refund) of income tax	(91,047)	31,710
Franking credits available for future reporting periods	234,390	282,968

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends
Dividends are recognised in the financial year they are declared.

Note 24. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	103,248	63,294
Cash and cash equivalents	487,663	779,753
	590,911	843,047
Financial liabilities		
Trade and other payables	42,700	75,283
Lease liabilities	-	21,643
Bank loans	550,542	-
	593,242	96,926

Note 24. Financial instruments (continued)

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 $487,663 at 30 June 2022 (2021: $779,753). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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

	2022		2021	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank loans	5.14%	550,542	-	-
Net exposure to cash flow interest rate risk		550,542		-

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

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

Note 24. Financial instruments (continued)

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	93,900	456,642	-	550,542
Trade and other payables	42,700	-	-	42,700
Total non-derivatives	136,600	456,642	-	593,242

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	60,781	14,502	-	75,283
Lease liabilities	22,181	-	-	22,181
Total non-derivatives	82,962	14,502	-	97,464

Note 25. Key management personnel disclosures

The following persons were directors of Narrandera District Investments Limited during the financial year:

Susan Patricia Foley
Kerry Terese Sproston
Stephen John McIntyre
Graham Kenneth Bock
Jack Kennings Langley
Vickie Lynette Lander
Sandra Anne Carberry

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 26. Related party transactions

The following transactions occurred with related parties:

	2022 $	2021 $
The company used the bookkeeping/accounting services of one of its directors. The total benefit received was:	2,553	2,660

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

Note 27. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	1,425	1,500
General advisory services	4,060	5,590
Share registry services	4,389	3,665
	9,874	10,755
	15,074	15,755

Note 28. Reconciliation of profit after income tax to net cash provided by/(used in) operating activities

	2022 $	2021 $
Profit after income tax expense for the year	80,278	220,556
Adjustments for:		
Depreciation and amortisation	90,344	55,348
Lease liabilities interest	538	4,942
Change in operating assets and liabilities:		
Increase in trade and other receivables	(31,575)	(4,112)
Increase in income tax refund due	(91,047)	-
Decrease in deferred tax assets	14,160	-
Increase in other operating assets	-	(3,563)
Increase/(decrease) in trade and other payables	(39,174)	21,104
Decrease in provision for income tax	(31,367)	-
Increase/(decrease) in deferred tax liabilities	50,185	(210)
Decrease in employee benefits	(58,842)	(1,490)
Increase in other provisions	1,096	1,106
Net cash provided by/(used in) operating activities	(15,404)	293,681

Note 29. Earnings per share

	2022 $	2021 $
Profit after income tax	80,278	220,556
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	644,509	644,509
Weighted average number of ordinary shares used in calculating diluted earnings per share	644,509	644,509
	Cents	**Cents**
Basic earnings per share	12.46	34.22
Diluted earnings per share	12.46	34.22

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Narrandera District Investments 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 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Susan Patricia Foley
Chair

23 September 2022

Independent audit report

AFS
Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Narrandera District Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Narrandera District Investments Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Narrandera District Investments 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.

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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: 23 September 2022

Joshua Griffin
Lead Auditor

Community Bank · Narrandera & District
116 East Street, Narrandera NSW 2700
Phone: 02 6959 9766 Fax: 02 6959 9788
Email: narranderamailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/narrandera

Franchisee: Narrandera District Investments Limited
ABN: 58 107 510 494
PO Box 534, Narrandera NSW 2700

/narranderaanddistrictcommunitybankbranch

Bendigo Bank