Annual Report 2022

Parkdale/Mentone East Community Branch Limited

Community Bank Parkdale

ABN 20 089 783 166

Contents

Chairman's report

For year ending 30 June 2022

We thank the customers of Community Bank Parkdale for their continued support which enables the continuation of the branch's ability to distribute financial and in-kind resources to the local community.

It is with pleasure that I present to you the Annual Report for the year ended 30 June 2022 for Parkdale/Mentone East Community Branch Limited.

The year was again challenging with continuing pressure on our margins and the pandemic impacting on our customers' business and personal financial positions, and low levels of community activity. I thank the branch staff for their flexibility during the height of restrictions which ensured that the branch maintained a high level of service for customers and that we came through the year without major problems. On behalf of the Board, I also want to congratulate the branch staff for winning the Bendigo Bank Bayside Regional Awards for leading Deposit Growth and for General Insurance.

Despite the prevailing circumstances during 2021-22, we maintained revenue levels, kept a tight control on expenses and we were able to record a profit for the year of $103,045 after tax. This is a reduction from $237,693 the previous year, principally because of the decrease in the market value of the Bendigo Bank shares held by the company. Despite the tightening in the banking sector that we experienced in the last two years, the Board was pleased to declare a dividend of 10 cents per share fully franked, which will be paid in mid-December 2022.

Banking activity picked up in the latter six months of the year, with the total loans and deposits at Community Bank Parkdale exceeding $304 million at 30 June 2022, an increase of $46 million on the year before. This provides a good foundation for any increases in margins that may occur in 2022-23 and beyond.

In the financial year, the company invested $172,657 back into the community through 30 awards (see full list of Community Grants and Sponsorships on page 4). This was lower than the previous year due to ongoing COVID-19 restrictions impacting the activities of many local sporting groups.

We have nevertheless strengthened our sponsorship processes and built firmer relationships with community groups which I am confident will assist in promoting our brand and driving further growth for the branch.

The Board underwent some changes during the year. Colin Watson retired from the Board at the end of June after 17 years as a Director. I thank Colin for his contribution to the development of the company from its early years and for his strong commitment in supporting local community groups and leading the Sponsorship Committee. Stephen Budge stepped down as Chairman of the company after a five-year period. The Board joins me in thanking Stephen for his strong leadership and drive in implementing strategies which focus on continued opportunities to grow the business and the building of a strong brand within our jurisdiction.

We thank the customers of Community Bank Parkdale for their continued support which enables the continuation of the branch's ability to distribute financial and in-kind resources to the local community. In our 22 years we have been able to give back around $2.5 million through partnerships, grants and donations.

As a shareholder, I thank you for your ongoing support. The Bendigo Bank brand is strong. Bendigo Bank has Australia's most satisfied home loan customers and I ask that you, as a shareholder, spread the word about the outstanding service that Community Bank Parkdale continues to deliver.

Alan Campbell
Chairman

Manager's report

For year ending 30 June 2022

The key driver of our business is our ability to support the local community; we love supporting as many and varied groups in the local area as possible and in turn ask for their continued support.

For the year ending 30 June 2022 Community Bank Parkdale saw significant growth in deposits and lending, with the following book figures:

Parkdale		
Deposits	$221,700,981	increase of $30,991,772
Lending	$77,255,851	Increase of $13,809,332

The value of the total book now stands at over $304,403,709.

Community Bank Parkdale has shown great resilience over the last financial year managing to grow both our deposit book and our lending book in a very difficult climate. COVID-19 and lockdowns have changed the face of our business and has forced us to change the way in which we interact with our customers and community. With the influx of new staff into the team we have continued to provide our services through these challenging times and have finished the year in a great position.

This future year we are hoping for more growth in our deposit book and lending book. We are currently in the climate of higher interest rates which will hopefully make deposit growth easier, but will potentially slow down the lending growth. Most of our lending growth last year came from the Victorian Homebuyer Fund (VHF) but with rising interest rates this could potentially take customers who would use the VHF, out of the market.

With rates going back to pre-Covid times and sitting at around 4-5% plus, it is important that we are focusing on retention as well as growth as large groups of customers will be coming off of very low rates and be moving onto a rate which is double what they are currently on.

The key driver of our business is our ability to support the local community; we love supporting as many and varied groups in the local area as possible and in turn ask for their continued support.

Community Bank Parkdale aims to continue seeking solid growth in our business, but we do recognise that we are currently operating in an area that is continually changing. Tighter lending, as well as high lending rates, make it difficult to grow as rapidly as previous years. We will strive to continue to grow, while keeping the same standard of service that separates us from everyone else.

Robert Tracey
Branch Manager

Sponsorships 2021-22

COMMUNITY CONTRIBUTIONS
$172,657
contributed in 2021-22

During the 2021-22 financial year the company has supported a number of organisations within the community with a variety of projects as reported below:

Beachside Gift	Sponsorship of prizes for men and women, support for event marketing
Mordialloc Junior Cricket Club	New club apparel with bank logo
Mordialloc Snr Cricket Club	Sporting equipment
Parkdale Bowling Club	Club upgrades
Ronald McDonald House Charities	Contribution to running of Monash House
Mordialloc Life Saving Club	Educational training program for lifesavers;
Parkdale Preschool	Shade cloth for playground
Mentone Cricket Club	Branding on new training tops
Mentone Junior Cricket Club	New equipment
Eisteddfod by the Bay	Support for delivery of event
Rotary of Mordialloc	Support for three local community sausage sizzles
Mentone Edge Bowling Club	Shade sail and raise external bench seating for elderly members
Mentone Preschool	Computer equipment for teaching
Parkdale Yacht Club	Defibrillator
Parkdale Cricket Club	Mental health programs, sponsorship and equipment
Mordialloc Brass Band	Equipment – music stands
Kingston Hawthorn Cricket Club	Equipment and operational costs
South Metro Showtime	Shelving and fabric
Mordialloc Men's Shed	Equipment purchased for production of benches
Moorabbin Ladies Social Golf Club	Signage on golf course
Mordialloc Braeside Junior Football Club	Purchase of coffee machine as revenue stream
Mordialloc Bowling Club	Logo on new uniforms
Rotary of Mordialloc	Support for Gnome and Fairy festival
St Bedes/Mentone Tigers Football Club	Support for senior women's and men's teams; purchasing of sporting, medical and cleaning equipment
Parkdale Vultures Football Club	Major partnership
Old Mentonians Football Club	Purchase of apparel, footballs, employment of physio staff
Kingston Collective Awards	Sponsorship of Business Awards
Cancer Council	Support for local Biggest Morning Tea
Mordialloc Redbacks	Sporting equipment
Mentone Little Athletics	High jump mat
Beaumaris Soccer Club	Portable soccer goals
St Bedes Finian Foundation	Charity Breakfast and Golf Day
Parkdale United Cricket Club	Kitchen upgrade
Acacia Avenue Preschool	Development of sensory garden

Top row: Mordialloc Life Saving Club, Mordialloc Bowling Club, Parkdale Preschool. **Bottom row:** Rotary of Mordialloc (Gnome and Fairy Festival), Beachside Gift, Mordialloc Braeside Junior Football Club.

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Name:	**Alan Campbell**
Title:	Chairman
Experience and expertise:	B.Com (UPE), MBA (UNE), Adv Diploma Export Practice (RMIT), Diploma Company Directors (AICD). Forty years experience in diplomatic service and senior management roles in international trade and industry development in the public and private sectors.
Special responsibilities:	Strategic Planning, Audit and Finance & Governance and Policy Committees.

Name:	**James Ashley Cashion**
Title:	Non-executive director
Experience and expertise:	Initial career in Banking , Industry and Corporate Taxation. Member of the ASCPA's for 30 years; Registered Tax Agent 30 Years. Principal of James A Cashion CPA accounting practice for 25 years. Former school councillor of Mentone Primary School. He holds a Bachelor of Business and is a Certified Practising Accountant. Director of The Woodlands Foundation (Woodlands Golf Club).
Special responsibilities:	Treasurer, Member of the Audit and Finance Committee.

Name:	**Stacey Kaye Maxwell**
Title:	Non-executive director
Experience and expertise:	Bachelor Multimedia Business Marketing. Currently employed at Kingswood Primary School. Cert 4 in Business. Completed Social Media Marketing training.
Special responsibilities:	Company Secretary.

Name:	**Stephen Thomas Budge**
Title:	Non-executive director
Experience and expertise:	Bachelor Business and Certified Practicing Accountant (CPA). Over 40 years in accounting and financial management.
Special responsibilities:	Chair, Finance Committee, Strategic Planning Committee.

Directors (continued)

Name:	**Michael Gerrard Supple**
Title:	Non-executive director
Experience and expertise:	Throughout Michael's career and community interests he has generally been recognised for his leadership roles, integrity, work ethic and the ability to build relationships to achieve effective outcomes in education, business and for the benefit of the community. He holds a Graduate Diploma in Education and Training and is also a qualified carpenter and joiner. He has taught both in the Technical School system and held the position as Trades Coordinator for Lend Lease Learning during the mid to late 1990's. Until he retired he was the Owner/Director of a small successful floor covering business. More recently as President of the Parkdale Bowls Club he has spent time building relationships with various groups within the area and by building relationships with the Kingston Council has sought to improve the club facilities for use within the community.
Special responsibilities:	Sponsorship Committee, Property and Maintenance

Name:	**Anna Worsnop**
Title:	Non-executive director
Experience and expertise:	Australian Pacific Touring - Administration, Marketing Assistant. Parkdale Football Club - Club Manager. Let's Go Motorhomes - Consultant.
Special responsibilities:	Sponsorship Committee

Name:	**Amanda Clifton**
Title:	Non-executive director *(appointed 1 July 2021)*
Experience and expertise:	Retail Marketing Manager for a large Bayside company. Over 18 years' experience in sales, business development and marketing. Tertiary qualifications in Marketing, Leadership and Management.
Special responsibilities:	Sponsorship Committee.

Name:	**Tyson McGeoch**
Title:	Non-executive director *(appointed 15 March 2022)*
Experience and expertise:	Bachelor of Business and Commerce (Accounting and Banking & Finance), Chartered Accountant (CA). Currently a Finance Director within property management for a leading global real estate agency. Tyson has over 15 years experience in analyst, finance and business operations and development positions in both private and ASX listed businesses.
Special responsibilities:	Sponsorship Committee.

Name:	**Colin Watson**
Title:	Non-executive director *(resigned 30 June 2022)*
Experience and expertise:	Over 30 Years working in the banking industry. Owned and operated a small retail business for over 17 Years.
Special responsibilities:	Sponsorship Committee.

Directors (continued)

Name:	**Angela Gledhill**
Title:	Non-executive director *(resigned 31 August 2021)*
Experience and expertise:	Ange has a Master of Business Administration (MBA - Deakin). She is a company director of 47th Ouzzda P/L and an Electorate Officer for Parliament of Victoria.
Special responsibilities:	Nil

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

Company secretary

The Company secretary is Stacey Kaye Maxwell. Stacey was appointed to the position of Company secretary on 11 January 2021.

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 $103,045 (30 June 2021: $237,693).

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 $
Fully franked dividend of 10 cents per share (2021: 10 cents)	126,807

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

	Board		Finance, Strategy & Audit Committee		Sponsorship Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Stephen Thomas Budge	11	11	2	2	-	-
Colin Watson	11	10	-	-	12	12
James Ashley Cashion	11	11	2	2	-	-
Stacey Kaye Maxwell	11	11	-	-	-	-
Alan Campbell	11	11	2	2	-	-
Michael Gerrard Supple	11	7	-	-	-	-
Anna Worsnop	11	10	-	-	12	12
Amanda Clifton	11	10	-	-	12	12
Tyson McGeoch	5	5	-	-	4	4
Angela Gledhill	2	-	-	-	-	-

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 24 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 $
Stephen Thomas Budge	5,250	-	5,250
Colin Watson	8,000	-	8,000
James Ashley Cashion	5,000	-	5,000
Stacey Kaye Maxwell	-	-	-
Alan Campbell	-	-	-
Michael Gerrard Supple	-	-	-
Anna Worsnop	-	-	-
Amanda Clifton	-	-	-
Tyson McGeoch	1,760	1,190	2,950
Angela Gledhill	-	-	-

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.

Indemnity and insurance of directors and officers (continued)

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

Proceedings on behalf of the company

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

No proceedings have been 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 25 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

Alan Campbell
Chairman

31 August 2022

Auditor's independence declaration

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Parkdale/Mentone East Community Branch Ltd

As lead auditor for the audit of Parkdale/Mentone East Community Branch Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

Adrian Downing
Lead Auditor

Financial statements

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

	Notes	2022 $	2021 $
Revenue from contracts with customers	6	1,144,626	1,066,491
Other revenue	7	27,376	53,609
Finance revenue		1,220	1,946
Fair value gains/(losses) on financial assets	8	(73,125)	177,479
Employee benefits expense	9	(628,806)	(525,414)
Advertising and marketing costs		(24,514)	(12,363)
Occupancy and associated costs		(25,656)	(53,713)
System costs		(18,886)	(21,617)
Depreciation and amortisation expense	9	(37,957)	(42,764)
Finance costs	9	(308)	(22)
General administration expenses		(84,181)	(84,656)
Profit before community contributions and income tax expense		**279,789**	**558,976**
Charitable donations and sponsorships expense		(129,235)	(318,841)
Profit before income tax expense		**150,554**	**240,135**
Income tax expense	10	(47,509)	(2,442)
Profit after income tax expense for the year	20	103,045	237,693
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		103,045	237,693
		Cents	**Cents**
Basic earnings per share	27	8.13	18.74
Diluted earnings per share	27	8.13	18.74

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

	Notes	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	11	380,777	568,785
Trade and other receivables	12	141,307	86,948
Financial assets	13	764,114	836,690
Current tax assets	10	-	15,369
Total current assets		**1,286,198**	**1,507,792**
Non-current assets			
Property, plant and equipment	14	885,580	910,583
Intangibles	15	44,265	57,219
Deferred tax assets	10	14,481	15,726
Total non-current assets		**944,326**	**983,528**
Total assets		**2,230,524**	**2,491,320**
Liabilities			
Current liabilities			
Trade and other payables	16	68,978	328,835
Borrowings	17	128	460
Current tax liabilities	10	44,377	-
Employee benefits	18	57,224	69,464
Total current liabilities		**170,707**	**398,759**
Non-current liabilities			
Trade and other payables	16	30,196	45,294
Employee benefits	18	9,623	3,507
Total non-current liabilities		**39,819**	**48,801**
Total liabilities		**210,526**	**447,560**
Net assets		**2,019,998**	**2,043,760**
Equity			
Issued capital	19	996,950	996,950
Retained earnings	20	1,023,048	1,046,810
Total equity		**2,019,998**	**2,043,760**

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

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		996,950	935,924	1,932,874
Profit after income tax expense		-	237,693	237,693
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	237,693	237,693
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(126,807)	(126,807)
Balance at 30 June 2021		**996,950**	**1,046,810**	**2,043,760**
Balance at 1 July 2021		996,950	1,046,810	2,043,760
Profit after income tax expense		-	103,045	103,045
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	103,045	103,045
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(126,807)	(126,807)
Balance at 30 June 2022		**996,950**	**1,023,048**	**2,019,998**

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

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,204,729	1,235,770
Payments to suppliers and employees (inclusive of GST)		(1,293,425)	(888,632)
		(88,696)	347,138
Dividends received		26,827	14,172
Interest received		1,220	2,205
Interest and other finance costs paid		(308)	(22)
Income taxes refunded/(paid)		13,482	(3,146)
Net cash provided by/(used in) operating activities	**26**	**(47,475)**	**360,347**
Cash flows from investing activities			
Payments for intangibles		(13,726)	(13,726)
Net cash used in investing activities		**(13,726)**	**(13,726)**
Cash flows from financing activities			
Dividends paid	22	(126,807)	(126,807)
Net cash used in financing activities		**(126,807)**	**(126,807)**
Net increase/(decrease) in cash and cash equivalents		**(188,008)**	**219,814**
Cash and cash equivalents at the beginning of the financial year		568,785	348,971
Cash and cash equivalents at the end of the financial year	**11**	**380,777**	**568,785**

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 Parkdale/Mentone East Community Branch Ltd (the company) as an individual entity. The financial statements are presented in Australian dollars, which is company's functional and presentation currency.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 228 Como Parade West, Parkdale VIC 3195.

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 31 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

Assets and 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.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 3. Significant accounting policies (continued)

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
- Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
- Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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.

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.

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

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	1,007,615	931,080
Fee income	76,181	77,174
Commission income	60,830	58,237
Revenue from contracts with customers	**1,144,626**	**1,066,491**

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.

Note 6. Revenue from contracts with customers (continued)

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 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.

Note 6. Revenue from contracts with customers (continued)

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

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
Dividend and distribution income	27,376	16,109
Other revenue	**27,376**	**53,609**

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
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
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. Fair value gains/(losses) on financial assets

	2022 $	2021 $
Fair value gains/(losses) on financial assets	**(73,125)**	**177,479**

These amounts relate to the increase/decrease in the market value of financial assets held by the company.

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Improvements	20,418	20,418
Plant and equipment	4,575	7,063
Furniture and fittings	10	15
	25,003	**27,496**
Amortisation of intangible assets		
Franchise fee	2,158	2,573
Franchise renewal process fee	10,796	12,695
	12,954	**15,268**
	37,957	**42,764**

Finance costs

	2022 $	2021 $
Bank interest	**308**	**22**
Finance costs are recognised as expenses when incurred using the effective interest rate.		

Employee benefits expense

	2022 $	2021 $
Wages and salaries	555,549	477,154
Superannuation contributions	50,330	40,022
Expenses related to long service leave	(3,910)	(10,816)
Other expenses	26,837	19,054
	628,806	**525,414**

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	7,505	8,013
Expenses relating to short-term leases	-	31,979
	7,505	**39,992**

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

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.

Short term lease exemptions in the prior period related to the Mentone East Branch premises which ceased trading on 29 February 2020.

Note 10. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	57,761	616
Movement in deferred tax	(4,003)	(804)
Reduction in company tax rate	-	629
Recoupment of prior year tax losses	5,248	8,075
Net benefit of franking credits on dividends received	(11,497)	(616)
Excess franking credits converted to tax losses	-	(5,458)
Aggregate income tax expense	**47,509**	**2,442**
Prima facie income tax reconciliation		
Profit before income tax expense	150,554	240,135
Tax at the statutory tax rate of 25% (2021: 26%)	37,639	62,435
Tax effect of:		
Non-deductible expenses	212	168
Non-assessable income	-	(9,750)
Reduction in company tax rate	-	629
Other assessable income	2,874	1,579
Net benefit of franking credits on distributions received	(11,497)	(616)
Variance in tax rate applied to losses carried back	-	(400)
Excess franking credits converted to tax losses	-	(5,458)
Deferred tax on fair value increments not recognised	18,281	(46,145)
Income tax expense	**47,509**	**2,442**

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Tax losses	-	5,248
Property, plant and equipment	(3,031)	(8,540)
Employee benefits	16,712	18,243
Accrued expenses	800	775
Deferred tax asset	**14,481**	**15,726**

	2022 $	2021 $
Income tax refund due	**-**	**15,369**

	2022 $	2021 $
Provision for income tax	**44,377**	**-**

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.

Note 10. Income tax (continued)

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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

Note 11. Cash and cash equivalents

	2022 $	2021 $
Cash on hand	300	300
Cash at bank and on hand	380,477	568,485
	380,777	**568,785**

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 12. Trade and other receivables

	2022 $	2021 $
Trade receivables	135,077	79,159
Prepayments	6,230	7,789
	141,307	**86,948**

Accounting policy for trade and other receivables

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

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

Note 13. Financial assets

	2022 $	2021 $
Equity securities - designated at fair value through profit or loss	**764,114**	**836,690**
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	836,690	657,275
Additions	549	1,936
Revaluation increments	-	177,479
Revaluation decrements	(73,125)	-
Closing fair value	**764,114**	**836,690**

Note 14. Property, plant and equipment

	2022 $	2021 $
Land - at cost	**356,307**	**356,307**
Buildings - at cost	**405,847**	**405,847**
Improvements - at cost	224,781	224,781
Less: Accumulated depreciation	(108,932)	(88,514)
	115,849	**136,267**
Plant and equipment - at cost	76,312	76,312
Less: Accumulated depreciation	(68,756)	(64,181)
	7,556	**12,131**
Furniture and fittings - at cost	13,312	13,312
Less: Accumulated depreciation	(13,291)	(13,281)
	21	**31**
	885,580	**910,583**

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

	Land $	Buildings $	Improvements $	Plant and equipment $	Furniture and fittings $	Total $
Balance at 1 July 2020	356,307	405,847	156,685	19,194	46	938,079
Depreciation	-	-	(20,418)	(7,063)	(15)	(27,496)
Balance at 30 June 2021	**356,307**	**405,847**	**136,267**	**12,131**	**31**	**910,583**
Depreciation	-	-	(20,418)	(4,575)	(10)	(25,003)
Balance at 30 June 2022	**356,307**	**405,847**	**115,849**	**7,556**	**21**	**885,580**

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 14. 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:

Improvements	4 to 25 years
Plant and equipment	1 to 10 years
Furniture and fittings	3 to 9 years

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

Land is not depreciated. Buildings are also not depreciated as the residual value exceeds the carrying written down value less the expected selling costs at the reporting date.

Improvements are depreciated over 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 15. Intangibles

	2022 $	2021 $
Domiciled customer accounts	263,735	263,735
Less: Accumulated amortisation	(263,735)	(263,735)
	-	-
Franchise fee	22,093	22,093
Less: Accumulated amortisation	(14,715)	(12,557)
	7,378	**9,536**
Franchise renewal fee	110,465	110,465
Less: Accumulated amortisation	(73,578)	(62,782)
	36,887	**47,683**
	44,265	**57,219**

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	1,313	6,397	7,710
Additions	10,796	53,981	64,777
Amortisation expense	(2,573)	(12,695)	(15,268)
Balance at 30 June 2021	**9,536**	**47,683**	**57,219**
Amortisation expense	(2,158)	(10,796)	(12,954)
Balance at 30 June 2022	**7,378**	**36,887**	**44,265**

Additions

During the previous financial year, Parkdale franchise fees were renewed. These are being amortised over five years to November 2025.

Note 15. Intangibles (continued)

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 a finite useful life. At the reporting date, the carrying amount exceeds the recoverable amount, therefore the asset is now fully impaired.

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)	November 2025
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)	November 2025

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

Change in estimates

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	37,176	268,138
Other payables and accruals	31,802	60,697
	68,978	**328,835**
Non-current liabilities		
Other payables and accruals	**30,196**	**45,294**

Accounting policy for trade and other payables

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

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

Note 17. Borrowings

	2022 $	2021 $
Current liabilities		
Bank loans	**128**	**460**

Note 17. Borrowings (continued)

Bank loans

Interest is recognised at rate of 4.77% (2021: 5.64%). 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 18. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	38,050	38,317
Long service leave	19,174	31,147
	57,224	**69,464**
Non-current liabilities		
Long service leave	**9,623**	**3,507**

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. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	996,950	996,950	996,950	996,950
Bonus shares - fully paid (10:7)	271,122	271,122	-	-
	1,268,072	**1,268,072**	**996,950**	**996,950**

Shareholders were issued 7 shares for every 10 shares held on 21 November 2013. Total bonus shares are 271,122.

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 they control or own 10% or more of the shares in the company (the "10% limit").

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.

Note 19. Issued capital (continued)

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. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	1,046,810	935,924
Profit after income tax expense for the year	103,045	237,693
Dividends paid (note 22)	(126,807)	(126,807)
Retained earnings at the end of the financial year	**1,023,048**	**1,046,810**

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

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 10 cents per share (2021: 10 cents)	**126,807**	**126,807**

Note 22. Dividends (continued)

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	449,771	485,105
Franking credits (debits) arising from income taxes paid (refunded)	(13,482)	3,146
Franking debits from the payment of franked distributions	(42,269)	(44,554)
Franking credits from franked distributions received	11,497	6,074
	405,517	**449,771**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	405,517	449,771
Franking credits (debits) that will arise from payment (refund) of income tax	44,377	(15,369)
Franking credits available for future reporting periods	**449,894**	**434,402**

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 23. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	135,077	79,159
Cash and cash equivalents	380,777	568,785
Financial assets	764,114	836,690
	1,279,968	**1,484,634**
Financial liabilities		
Trade and other payables	99,174	374,129
Bank loans	128	460
	99,302	**374,589**

Accounting policy for financial instruments

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

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

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

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

Note 23. Financial instruments (continued)

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.

Equity Price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss.

2022	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	**76,411**	**57,309**	(10%)	**(76,411)**	**(57,309)**

2021	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	**83,669**	**61,915**	(10%)	**(83,669)**	**(61,915)**

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $380,777 at 30 June 2022 (2021: $568,785). 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	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Bank loans	4.77%	128	5.64%	460
Net exposure to cash flow interest rate risk		**128**		**460**

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

Credit risk

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

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

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				
Bank loans	128	-	-	128
Trade and other payables	68,978	30,196	-	99,174
Total non-derivatives	**69,106**	**30,196**	**-**	**99,302**

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	460	-	-	460
Trade and other payables	328,835	45,294	-	374,129
Total non-derivatives	**329,295**	**45,294**	**-**	**374,589**

Note 24. Key management personnel disclosures

The following persons were directors of Parkdale/Mentone East Community Branch Ltd during the financial year:

- Alan Campbell
- Colin Watson
- James Ashley Cashion
- Stacey Kaye Maxwell
- Stephen Thomas Budge
- Michael Gerrard Supple
- Anna Worsnop
- Amanda Clifton
- Tyson McGeoch
- Angela Gledhill

Key management personnel compensation comprised the following.

	2022 $	2021 $
Short-term employee benefits	**32,667**	**35,000**

Compensation of the company's key management personnel includes salaries.

Note 25. 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	1,300	600
General advisory services	1,715	2,500
	3,015	**3,100**
	8,215	**8,100**

Note 26. 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	103,045	237,693
Adjustments for:		
Depreciation and amortisation	37,957	42,764
(Increase)/decrease in fair value of equity instruments designated at FVTPL	73,125	(177,479)
Income reinvested in financial assets	(549)	(1,936)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(54,359)	26,380
Decrease in income tax refund due	15,369	-
Decrease/(increase) in deferred tax assets	1,245	(704)
Increase/(decrease) in trade and other payables	(261,561)	235,973
Increase in provision for income tax	44,377	-
Decrease in employee benefits	(6,124)	(2,344)
Net cash provided by/(used in) operating activities	**(47,475)**	**360,347**

Note 27. Earnings per share

	2022 $	2021 $
Profit after income tax	**103,045**	**237,693**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,268,072	1,268,072
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,268,072**	**1,268,072**

Note 27. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	8.13	18.74
Diluted earnings per share	8.13	18.74

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Parkdale/Mentone East Community Branch Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. 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

Alan Campbell
Chairman

31 August 2022

Independent audit report

61 Bull Street
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Independent auditor's report to the Directors of Parkdale/Mentone East Community Branch Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Parkdale/Mentone East Community Branch Ltd's (the company), which comprises:

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

In our opinion, the accompanying financial report of Parkdale/Mentone East Community Branch Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

AFS
Partners in success
Chartered Accountants

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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: 31 August 2022

Adrian Downing
Lead Auditor

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