Annual Report 2022

Penola & District Financial Services Limited

Penola & District

ABN 76 165 281 854

Contents

Chairman's report

For year ending 30 June 2022

I am pleased to present to the shareholders of Penola and District Financial Services Limited our ninth Annual Report and my first as Chairman of the Board.

It has been another year of challenging circumstances. As the COVID-19 situation starts to ease and we move to a post COVID-19 operating environment, we are still mindful of balancing operating costs and income. Interest rates remained very low this year and margin rates remained tight which negatively impacted our income.

We have seen significant growth in new to bank business over the twelve months, however this has been offset by some accounts cycling to maturity resulting in a net gain of 1% in footings. We are still pleased to report a profit of $21,350. We continued to reduce our overdraft despite the increase in our operating costs.

Our Community Engagement Committee has been busy this year distributing funds to a wide range of local sporting clubs and not-for-profit organisations. We have paid out $33,700 in grants, sponsorships, and donations to 15 local clubs and organisations bringing the total to $262,148 since we started. It is expected that any request for sponsorship must meet certain guidelines including obtaining the organisations business, advertising and signage at the event, and access to members to promote the benefits of banking with Community Bank Penola & District. Major recipients this year included Penola Arts Festival, Penola Show Society, Penola Town Square Committee, McCorquindale Park Pavilion and Penola Library.

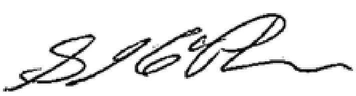
COVID-19 is still impacting branch operations albeit in a lesser way as staff are now used to mask wearing and regular sanitising being the new norm. It hasn't dampened their enthusiasm and commitment to making the branch a welcoming and inviting place for customers to come and do their banking. Personal customer service and branch ambience are still of the utmost importance, as this is the face of our business that the community sees, even though online banking grows to a greater percentage each year. All staff must be commended for their efforts, ably lead by Branch Manager Tara Batt with her tremendous leadership and organising skills. Andrea Weston in the position of Customer Relationship Officer. Molly Cox and now Kathy Kelly (who we welcomed to the branch in April this year), both in the Customer Service role. This well rounded and cohesive team share a passion for the community, willingness to grow the business wherever possible and have a sound knowledge of banking. They are all greatly appreciated by the Board. I also thank Tara for continuing to provide support services to the Board.

I thank my fellow Board members for their contributions and commitment to their obligations as a Director of a Public Company. Our volunteer Directors are generous with their time and skills enabling positive outcomes for the betterment of the Company and the Community. We farewelled Rhett McDonald as he retired from the Board in February after five years of service. We thank Rhett for his dedication and passion for the Community Bank and the wider community. We were pleased to welcome Anna Copping as a new Board member in February. She brings a wealth of knowledge, is well connected to the community, and pleasingly helps lower the average age of the Board.

I appreciate the ongoing support, assistance and banking expertise provided by Bendigo and Adelaide Bank Limited. I thank and acknowledge the efforts of Community Relationship Manager Renato Principe and Regional Manager Alison Burr for their expertise and dedication in assisting Branch Staff and Directors during the year.

The collaboration with Rural Bank cannot be understated. They are a very important part of our business and future growth. Their products and services are well regarded in the Agribusiness community, and we appreciate all that Candice Townsend and her team bring to the Company. As well as Bendigo Bank Business Manager, Neil Medhurst.

Finally, the continued support of customers and shareholders is greatly appreciated, and I look forward to a positive year ahead. I urge you all to refer as many of your family, friends, and colleagues as possible to our Community Bank. Remember the more that bank with us, the more we contribute to our community.



Shane McPherson
Chairman
Penola & District Financial Services Limited

Manager's report

For year ending 30 June 2022

The 2022 financial year has been a big year of development and growth within Community Bank Penola & District.

In last year's report I quoted Managing Director of Bendigo Bank, Marnie Baker, in saying our focus for 2022 was to "put the interest of our customers first and stay true to our original purpose - to feed into our community's prosperity, not off of it" and to strengthen our team in the process. I am confident that we have maintained this focus and achieved the goal of strengthening our team.

For the 2022 financial year, Community Bank Penola & District provided $33,700 to community groups by way of funding equipment purchases, donations, and sponsorship, thus feeding into our community's prosperity.

Our team has also been strengthened with the inclusion in April 2022 of Kathy Kelly into a Customer Service Officer role. Kathy is a well-known local, whilst not coming with banking experience, her customer service knowledge and experience is invaluable to the branch. Kathy has taken well to banking and is passionate about her work and support of our customers.

Andrea Weston, Customer Relationship Officer, and Molly Cox, Customer Service Officer, have both further developed their knowledge base, and along with Kathy and myself, we have become a cohesive team, with the aim to make all customers feel welcomed and respected while in our branch.

Along with our business partners of Neil Medhurst, Bendigo and Adelaide Bank Business Banking and Candice Townsend (nee Nolan), Rural Bank, we can offer the full range of business and agri-business products available.

It has been a pleasure to be able to attend many local events, of which we have been fortunate to support, and discuss the Bendigo and Adelaide Bank story, in particular the Community Bank Penola & District branch story. Without the support of the local shareholders, customers, businesses and organisations, we couldn't serve the community as we do today.

Into 2023 we aim to continue to "feed into our community's prosperity, not off of it" and hope to reach the $275,000 mark of funds provided to the community since the branch's inception. We also hope to see positive growth across the business, financially, customer-wise and in staff development.

Personally, I am so grateful to work alongside a passionate and motivated team of staff and volunteer Directors, who are all committed to their roles and serving our community with great integrity and passion. I look forward to being a part of the future of the Community Bank in Penola.

Tara Batt B.Bus (AgMgt)
Branch Manager
Community Branch Penola & District

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2022

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

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

The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer Directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country. It's not uncommon to visit a country town and see the Community Bank logo affixed to public amenities; at the front of schools, and on the perimeter of sporting clubs – such is the breadth and depth of our investments over the years.

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

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

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

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

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

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

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

Warm regards

Sarah Franklyn
CBNC Chair

Directors' report

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:	Shane McPherson
Title:	Chair
Experience and expertise:	Shane spent 10 years as a Butcher and Meat Wholesaler and the last 30 years as owner operator of Penola IGA Supermarket. He is currently an elected member of the State IGA Committee. A member of the Lions Club of Penola, member of the Penola Business Association, member of the Penola Golf Club and past Chairman of Mary MacKillop Memorial School Board.
Special responsibilities:	Community Investment, Property and Finance & Governance Committees

Name:	Kirsty Anne Balnaves
Title:	Non-executive director
Experience and expertise:	Kirsty was born in Penola, after finishing her education she spent time in Broken Hill and then in Tasmania at Cradle Mountain. Returning to Adelaide, Kirsty attended university where she studied marketing and management. In 1990, Kirsty joined the family company and is currently responsible for the administration and financial aspects of: vineyard management and contracting, winery contracting and making and selling Balnaves wines. Kirsty is a current member of the South Australian Wine Industry Association Executive Committee, board member of the Penola and District Community Bank - Bendigo Bank and volunteer for Meals on Wheels. Kirsty was a member of the Coonawarra Vigneron's Association Executive for 15 years, including a period as Vice President, past member of the Lower South East Water Resources Committee, past committee member of the Penola and District Little Athletics and Penola Netball Club, and Penola and District Medical Support Group.
Special responsibilities:	Community Investment and Property Committees

Name:	Sophie Jane Angus
Title:	Non-executive director
Experience and expertise:	Sophie held the position of Senior Legal Counsel at Commonwealth Bank of Australia and Subject Matter Expert in Change Management at AMP, in the head offices of Sydney. Currently she manages with her team, five healthcare related businesses, In the community she supports health and well-being providers and volunteers her time including on the governing council of the Penola Primary School and Penola Coonawarra Arts Festival committee.
Special responsibilities:	Company Secretary, Deputy Chair, Finance & Governance Committee

Name:	Michael John Palm
Title:	Non-executive director
Experience and expertise:	Michael is a past Livestock agent with 38 years experience. He was a Director at Pinkerton Palm Hamlyn & Steen Livestock for a period of 26 years and has now been a farmer since 2018. He also holds a position on the Penola Racing Club Committee.
Special responsibilities:	Business Development Committee

Name:	Thomas David Pearce
Title:	Non-executive director
Experience and expertise:	Managed drilling rigs and drilling operations in Australia and Africa for 8 years before completing a Bachelor of Business (Property) and a Diploma in Agency Management. Practiced as a valuer specialising in residential and rural valuations and now working as a rural real estate agent. A current board member of the Mary Mackillop Memorial School Board.
Special responsibilities:	Business Development Committee

Name:	Lachlan Hamilton Heysen
Title:	Non-executive director
Experience and expertise:	Lachlan was born in Kalangadoo and completed Secondary and Tertiary (BEcon and BFin) education in Adelaide. Lachlan spent 4 years working in Private Wealth Management in Adelaide followed by 10 years in London and Sydney in Institutional Banking within the commodities and metals and mining sector. Lachlan is currently a farmer.
Special responsibilities:	Treasurer, Finance & Governance Committee

Name:	Amanda Skene Harrold
Title:	Non-executive director
Experience and expertise:	Amanda Harrold holds a Bach. of Commerce (Marketing & Management) and a Post Graduate Certificate in Human Resource Management. In 2015, Amanda, with husband Pat, established a bulk haulage transport company based in Penola, SA which now runs over 40 B-Double trucks nationally. Prior to moving to South Australia, Amanda held Corporate HR and Learning & Development positions with Mazda, NAB, ANZ, and professional services firm, GHD Global Pty Ltd. At GHD, Amanda was the Learning & Development Manager for the Middle East based in Doha, Qatar before moving into a Corporate HR project management role traveling extensively to SE Asia and North America.
Special responsibilities:	Human Resources Committee

Name:	Anna Copping
Title:	Non-executive director (appointed 24 February 2022)
Experience and expertise:	Current principal of Penola Primary School. Previously held teaching, coordinator and curriculum facilitator roles. Recently completed a Masters of Education and was a participant in the Harvard School of education-Leadership for School Excellence course. Active involvement in Penola Coonawarra Arts Festival and Penola Netball Club
Special responsibilities:	Human Resources Committee

Name:	Mark Edwards
Title:	Non-executive director (resigned 25 August 2022)
Experience and expertise:	Wide ranging Banking and Credit Cooperative experience over 40+ years. Former Independent Chair of Coonawarra Grape and Wine Inc. Former Director and Treasurer of Regional Development Australia Limestone Coast. Current President of Penola Racing Club Inc.
Special responsibilities:	Former Chair, Finance & Governance and Human Resources Committee

Name:	Rhett David McDonald
Title:	Non-executive director (resigned 24 February 2022)
Experience and expertise:	Therapeutic Counsellor/Advocate working with families, young people, refugee, asylum seekers and migrant communities in the Limestone Coast. Experience working in the international and humanitarian sector with a number of years spent on assignments in the field of child health, training and development, safety and security. Local community involvement over the years, awarded Penola Riddoch Ward Australia Day Citizen of the year for contribution to the community.
Special responsibilities:	Community Investment and Human Resources Committees

Company secretary
The Company secretary is Sophie Jane Angus. Sophie was appointed to the position of Company secretary on 4 November 2020.

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 $21,350 (30 June 2021: $41,783).

Operations have continued to perform in line with expectations.

Dividends
No dividends were declared or paid in the current financial year.

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 meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Board		Finance & Governance Committee		Community Investment Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mark Edwards	12	10	4	3	-	-
Shane McPherson	12	11	-	-	6	5
Kirsty Balnaves	12	8	1	1	6	6
Michael Palm	12	6	-	-	-	-
Sophie Agnus	12	12	4	4	-	-
Thomas Pearce	12	8	-	-	-	-
Lachlan Heysen	12	9	3	3	-	-
Amanda Harrold	12	7	-	-	-	-
Anna Copping	5	3	-	-	-	-
Rhett McDonald	7	3	-	-	-	-

	Business Development		Human Resources	
	Eligible	Attended	Eligible	Attended
Mark Edwards	-	-	3	3
Kirsty Balnaves	-	-	-	-
Shane McPherson	-	-	-	-
Sophie Angus	-	-	-	-
Michael Palm	1	1	-	-
Tom Pearce	1	1	-	-
Lachlan Heysen	-	-	-	-
Amanda Harrold	-	-	3	2
Anna Copping	-	-	2	2
Rhett McDonald	-	-	-	-

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

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Mark Edwards	10,501	-	10,501
Shane McPherson	4,001	-	4,001
Kirsty Anne Balnaves	42,001	-	42,001
Michael John Palm	81,001	-	81,001
Sophie Jane Angus	-	-	-
Thomas David Pearce	-	-	-
Lachlan Hamilton Heysen	-	-	-
Amanda Skene Harrold	-	-	-
Anna Copping	-	-	-
Rhett David McDonald	1,000	-	1,000

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

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

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

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

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

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

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

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

Shane McPherson
Chair

29 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 Penola & District Financial Services Limited

As lead auditor for the audit of Penola & District Financial Services 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: 29 September 2022

Adrian Downing
Lead Auditor

Financial statements

Penola & District Financial Services 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	319,677	357,698
Other revenue	7	37,968	49,388
Employee benefits expense	8	(158,836)	(147,899)
Advertising and marketing costs		(4,486)	(1,955)
Occupancy and associated costs		(7,862)	(12,103)
System costs		(15,868)	(18,624)
Depreciation and amortisation expense	8	(44,068)	(42,479)
Finance costs	8	(12,935)	(14,171)
General administration expenses		(51,182)	(53,725)
Profit before community contributions and income tax expense		62,408	116,130
Charitable donations and sponsorships expense		(33,941)	(54,415)
Profit before income tax expense		28,467	61,715
Income tax expense	9	(7,117)	(19,932)
Profit after income tax expense for the year	21	21,350	41,783
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		21,350	41,783
		Cents	**Cents**
Basic earnings per share	28	2.54	4.97
Diluted earnings per share	28	2.54	4.97

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

Penola & District Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	31,459	19,755
Trade and other receivables	11	21,187	14,859
Total current assets		52,646	34,614
Non-current assets			
Property, plant and equipment	12	132,049	147,396
Right-of-use assets	13	185,149	200,686
Intangibles	14	26,367	39,551
Deferred tax assets	9	166,800	173,917
Total non-current assets		510,365	561,550
Total assets		563,011	596,164
Liabilities			
Current liabilities			
Trade and other payables	15	40,244	39,239
Borrowings	16	-	23,182
Lease liabilities	17	12,047	10,805
Employee benefits	18	6,835	14,459
Total current liabilities		59,126	87,685
Non-current liabilities			
Trade and other payables	15	-	14,502
Lease liabilities	17	238,325	250,370
Employee benefits	18	663	139
Provisions	19	1,697	1,618
Total non-current liabilities		240,685	266,629
Total liabilities		299,811	354,314
Net assets		263,200	241,850
Equity			
Issued capital	20	829,469	829,469
Accumulated losses	21	(566,269)	(587,619)
Total equity		263,200	241,850

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

Penola & District Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020	829,469	(629,402)	200,067
Profit after income tax expense	-	41,783	41,783
Balance at 30 June 2021	829,469	(587,619)	241,850
Balance at 1 July 2021	829,469	(587,619)	241,850
Profit after income tax expense	-	21,350	21,350
Balance at 30 June 2022	829,469	(566,269)	263,200

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

Penola & District Financial Services 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)		392,197	452,141
Payments to suppliers and employees (inclusive of GST)		(320,468)	(315,739)
		71,729	136,402
Interest and other finance costs paid		(580)	(1,331)
Net cash provided by operating activities	27	71,149	135,071
Cash flows from investing activities			
Payments for intangibles		(13,184)	(13,184)
Net cash used in investing activities		(13,184)	(13,184)
Cash flows from financing activities			
Repayment of lease liabilities	17	(23,079)	(22,414)
Net cash used in financing activities		(23,079)	(22,414)
Net increase in cash and cash equivalents		34,886	99,473
Cash and cash equivalents at the beginning of the financial year		(3,427)	(102,900)
Cash and cash equivalents at the end of the financial year	10	31,459	(3,427)

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 Penola & District Financial Services 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 52 Church Street, Penola SA 5277

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 29 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.

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

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

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

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

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

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

Note 5. Economic dependency

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

Note 5. Economic dependency (continued)

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 **$**	**2021** **$**
Margin income	126,345	137,679
Fee income	15,961	16,615
Commission income	177,371	203,404
Revenue from contracts with customers	319,677	357,698

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Market development fund	37,500	37,500
Cash flow boost	-	11,888
Other income	468	-
Other revenue	37,968	49,388

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).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of 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.

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		
Leasehold improvements	14,244	11,349
Plant and equipment	1,103	2,407
	15,347	13,756
Depreciation of right-of-use assets		
Leased land and buildings	15,537	15,539
Amortisation of intangible assets		
Franchise fee	2,198	2,198
Franchise renewal fee	10,986	10,986
	13,184	13,184
	44,068	42,479

Finance costs

	2022 $	2021 $
Bank overdraft interest paid or accrued	580	1,332
Lease interest expense	12,276	12,765
Unwinding of make-good provision	79	74
	12,935	14,171

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	143,771	120,063
Superannuation contributions	13,772	9,384
Expenses related to long service leave	(5,882)	1,802
Other expenses	7,175	16,650
	158,836	147,899

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	5,945	6,566

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		
Movement in deferred tax	(2,318)	(5,211)
Reduction in company tax rate	-	6,957
Recoupment of prior year tax losses	9,435	18,186
Aggregate income tax expense	7,117	19,932
Prima facie income tax reconciliation		
Profit before income tax expense	28,467	61,715
Tax at the statutory tax rate of 25% (2021: 26%)	7,117	16,046
Tax effect of:		
Non-deductible expenses	-	21
Reduction in company tax rate	-	6,957
Other assessable income	-	(3,092)
Income tax expense	7,117	19,932

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Employee benefits	1,875	3,650
Provision for lease make good	424	405
Accrued expenses	449	450
Lease liabilities	62,593	65,294
Right-of-use assets	(46,287)	(50,172)
Carried-forward tax losses	150,460	159,894
Property, plant and equipment	(2,714)	(5,604)
Deferred tax asset	166,800	173,917

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.

Note 9. Income tax (continued)

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	31,459	19,755

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	31,459	19,755
Bank overdraft (note 16)	-	(23,182)
Balance as per statement of cash flows	31,459	(3,427)

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position cash and cash equivalents comprise cash on hand and deposits held with banks. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	14,730	10,460
Prepayments	6,457	4,399
	21,187	14,859

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	227,824	227,824
Less: Accumulated depreciation	(103,333)	(89,089)
	124,491	138,735
Plant and equipment - at cost	32,718	32,718
Less: Accumulated depreciation	(25,160)	(24,057)
	7,558	8,661
	132,049	147,396

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2020	150,084	11,068	161,152
Depreciation	(11,349)	(2,407)	(13,756)
Balance at 30 June 2021	138,735	8,661	147,396
Depreciation	(14,244)	(1,103)	(15,347)
Balance at 30 June 2022	124,491	7,558	132,049

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

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

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

Leasehold Improvments	6 to 16 years
Plant and equipment	1 to 40 years

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

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

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

Changes in estimates
The company's review of estimates resulted in changes in the useful life of some of the Penola branch leasehold improvements. The useful life had previously been assessed as 40 years until July 2054. This is now expected to be 16 years until January 2030. The effect of these changes on actual and expected depreciation expense was as follows:

Note 12. Property, plant and equipment (continued)

	2022 $	2023 $	2024 $	2025 $	2026+ $
(Decrease) increase in depreciation expense	5,954	5,954	5,954	5,954	(23,816)

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	310,032	310,032
Less: Accumulated depreciation	(124,883)	(109,346)
	185,149	200,686

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	216,270	216,270
Remeasurement adjustments	(45)	(45)
Depreciation expense	(15,539)	(15,539)
Balance at 30 June 2021	200,686	200,686
Depreciation expense	(15,537)	(15,537)
Balance at 30 June 2022	185,149	185,149

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	20,987	20,987
Less: Accumulated amortisation	(16,593)	(14,395)
	4,394	6,592
Franchise renewal fee	54,932	54,932
Less: Accumulated amortisation	(32,959)	(21,973)
	21,973	32,959
	26,367	39,551

Note 14. Intangibles (continued)

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

	Franchise fee $	Franchise Renewal Fee $	Total $
Balance at 1 July 2020	8,789	43,946	52,735
Amortisation expense	(2,198)	(10,986)	(13,184)
Balance at 30 June 2021	6,591	32,960	39,551
Amortisation expense	(2,198)	(10,986)	(13,184)
Balance at 30 June 2022	4,393	21,974	26,367

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

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

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

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

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

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

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

Note 15. Trade and other payables

	2022 $	**2021 $**
Current liabilities		
Trade payables	2,500	9,619
Other payables and accruals	37,744	29,620
	40,244	39,239
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.

Note 15. Trade and other payables (continued)

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 overdraft	-	23,182

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2022 $	2021 $
Total facilities		
Bank overdraft	250,000	250,000
Used at the reporting date		
Bank overdraft	-	23,182
Unused at the reporting date		
Bank overdraft	250,000	226,818

Bank overdraft
The bank overdraft is repayable on demand and used for cash management purposes. The bank overdraft has a rolling renewal date and is reviewed annually by the lender, Bendigo Bank. It is secured by a floating charge over the company's assets. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

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	23,779	23,081
Unexpired interest	(11,732)	(12,276)
	12,047	10,805
Non-current liabilities		
Land and buildings lease liabilities	310,799	334,576
Unexpired interest	(72,474)	(84,206)
	238,325	250,370

Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	261,175	270,868
Remeasurement adjustments	-	(44)
Lease interest expense	12,276	12,765
Lease payments - total cash outflow	(23,079)	(22,414)
	250,372	261,175

Maturity analysis

	2022 $	2021 $
Not later than 12 months	23,779	23,081
Between 12 months and 5 years	102,442	99,462
Greater than 5 years	208,357	235,114
	334,578	357,657

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:

Penola branch	The lease agreement commenced in June 2014. A 5 year renewal option was exercised in June 2019. The company has 2 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is May 2034. The discount rate used in calculations is 4.79%.

Note 18. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	6,835	8,053
Long service leave	-	6,406
	6,835	14,459
Non-current liabilities		
Long service leave	663	139

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	1,697	1,618

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 $3,000 for the Penola Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 31 May 2034 at which time it is expected the face-value costs to restore the premises will fall due.

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	841,329	841,329	841,329	841,329
Less: Equity raising costs	-	-	(11,860)	(11,860)
	841,329	841,329	829,469	829,469

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

Rights attached to issued capital

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

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

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

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

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

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

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

Note 20. Issued capital (continued)

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 190. As at the date of this report, the company had 199 shareholders (2021: 199 shareholders).

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

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

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

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

Note 21. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(587,619)	(629,402)
Profit after income tax expense for the year	21,350	41,783
Accumulated losses at the end of the financial year	(566,269)	(587,619)

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.

Note 22. Capital management (continued)

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

Note 23. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	14,730	10,460
Cash and cash equivalents	31,459	19,755
	46,189	30,215
Financial liabilities		
Trade and other payables	40,244	53,741
Lease liabilities	250,372	261,175
Bank overdrafts	-	23,182
	290,616	338,098

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 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. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

Note 23. Financial instruments (continued)

The company held cash and cash equivalents of $31,459 at 30 June 2022 (2021: $19,755). 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 overdraft	-	-	2.03%	23,182
Net exposure to cash flow interest rate risk		-		23,182

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.

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.

Financing arrangements
Unused borrowing facilities at the reporting date:

	2022 $	**2021 $**
Bank overdraft	250,000	226,818

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

The bank overdraft is repayable on demand and used for cash management purposes. It is reviewed annual by the lender, Bendigo Bank. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	40,244	-	-	40,244
Lease liabilities	23,779	102,442	208,357	334,578
Total non-derivatives	64,023	102,442	208,357	374,822

Note 23. Financial instruments (continued)

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank overdraft	23,182	-	-	23,182
Trade and other payables	39,239	14,502	-	53,741
Lease liabilities	23,081	99,462	235,114	357,657
Total non-derivatives	85,502	113,964	235,114	434,580

Note 24. Key management personnel disclosures

The following persons were directors of Penola & District Financial Services Limited during the financial year:

Mark Edwards
Shane McPherson
Kirsty Anne Balnaves
Sophie Jane Angus
Michael John Palm
Thomas David Pearce
Lachlan Hamilton Heysen
Amanda Skene Harrold
Anna Copping
Rhett David McDonald

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

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

Note 25. Related party transactions

The following transactions occurred with related parties:

	2022 $	**2021 $**
Grocery products were purchased from the Penola IGA managed by Shane McPherson. The total benefit received was:	133	332
Tara Batt provided Board Support services during the year. The total benefit received was:	2,849	9,116

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

Note 26. Remuneration of auditors

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

	2022 $	**2021 $**
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	600	600
General advisory services	2,630	2,770
Share registry services	2,000	1,900
	5,230	5,270
	10,430	10,270

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

	2022 $	2021 $
Profit after income tax expense for the year	21,350	41,783
Adjustments for:		
Depreciation and amortisation	44,068	42,479
Lease liabilities interest	12,276	12,765
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(6,328)	7,238
Decrease in deferred tax assets	7,117	19,931
Increase/(decrease) in trade and other payables	(313)	6,690
Increase/(decrease) in employee benefits	(7,100)	4,110
Increase in other provisions	79	75
Net cash provided by operating activities	71,149	135,071

Note 28. Earnings per share

	2022 $	2021 $
Profit after income tax	21,350	41,783
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	841,329	841,329
Weighted average number of ordinary shares used in calculating diluted earnings per share	841,329	841,329
	Cents	**Cents**
Basic earnings per share	2.54	4.97
Diluted earnings per share	2.54	4.97

Note 28. Earnings per share (continued)

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Penola & District Financial Services Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

Shane McPherson
Chair

29 September 2022

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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03 5443 0344

Independent auditor's report to the Directors of Penola & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Penola & District Financial Services Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Penola & District Financial Services 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.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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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: 29 September 2022

Adrian Downing
Lead Auditor

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Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_26019855 29/09/2022