

Annual Report

30 June 2022

Picton & District Community
Enterprises Limited

About Community Bank

A Community Bank branch is a locally owned and operated company, which functions as a franchise of Bendigo and Adelaide Bank. The Bank provides the coverage of its banking licence, a full range of banking products, training of staff and ongoing support.

Depositors are protected by the Bank's imposing track record when it comes to the security of depositors' funds. We are one of Australia's oldest financial institutions, having operated since 1858, have declared a profit in every year and have without fail honoured our depositors.

The Bank and the community company are each entitled to agreed portions of the revenue of the local Community Bank branch and the local company is responsible for paying branch running costs.

When the local company begins to make a regular operating surplus, after the payment of branch running costs, and the Bank's share of the revenue is received, the remaining funds are available to be reinvested back into the community through dividends to shareholders and grants to community groups and projects.

Annual Report

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Picton & District Community Enterprises Ltd.

WHAT WE WANT TO BE?

- At the forefront of people’s mind with banking and community involvement
- A profitable Community Bank and a Bank of choice
- Be invited as part of the community
- We want to be connected and engaged

WHAT IS OUR REASON FOR BEING?

To assist and strengthen our community

Our key strategies...

We Will:	By:
Support and develop the potential and growth of directors and staff	recognising achievements, maximising skills and staff retention
Develop a cohesive marketing strategy	extending our reach through a multi-media marketing campaign
Improve our engagement with shareholders customers and our community	increasing our presence in the community
Be an ethical, transparent and compliant organisation	implementing good governance practices
Grow the business	supporting the business plan.

About us...

Community Bank Picton & District Branch opened its doors in 2011.

Starting off as a small business, we have grown steadily each year. Ten years on we continue to provide local banking with quality customer service. We are proud to support our community with funds and involvement. To get this far is a real milestone and testament to the commitment and support of the Picton and district local community.

The branch contributes profits back to the community through its sponsorships & grants program found on page 16 of this Annual Report. The program assists local community groups with a wide range of projects, events and initiatives.

Shares are available to invest in our company and we have been working hard towards being able to provide a dividend for our shareholders.

We are pleased to be able to provide a great opportunity to be a part of a local business with a sustainable future. We employ local people and support our local community.

Our People...

Chair:
Tristan Triffitt



Director
Ally Dench



Director:
Josh Muller



Deputy Chair / Secretary:
Evelyn Szumski



Director:
Tia Veech



Director:
Louise Sparkes



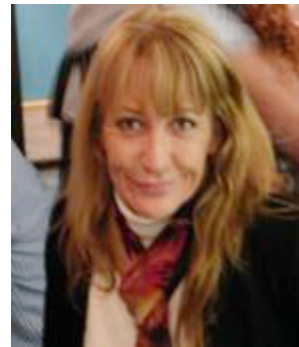
Treasurer:
Leanne Anderson



Director:
Phil Digger



Director:
Linda Difrancesco



Our Staff today...

**Branch Operations
Manager:**
Belinda Dyson



**Customer
Relationship Officer:**
Brendan Nasmyth



Customer Service Officers:
Brendan Rudd & Kim Glinkowski



Mobile Lender:
Shaz Kumar



We'd like to thank the staff below for the wonderful work they did over the last year and to wish them well in their new endeavours.

Rebecca Robertson

Mandy Hunt

Emma Hawkins

Julie Bird



Message from the Chair...

30 June 2022

As another year has come to a close, I would like to personally thank all of our shareholders, customers and staff, on behalf of the entire board.

We are progressing through our growth strategy well, with a lot of new changes and faces within the company since last year.

Our Branch Operations Manager Belinda Dyson has done an exceptional job, at times needing to cover multiple roles. Belinda has worked closely with the Board through this transition period, and for this we would like to commend her for her wonderful efforts.

There have been some significant changes in relation to staffing, with Steve, Emma & Julie all moving on with other adventures. We are grateful for all they have contributed to the branch over the years, and we wish them all the very best with their future endeavors.

We are excited to say that we have been able to fill their roles with amazing new people. These people have embraced the vision of our growth plan, ensuring we are more profitable and capitalising on the development within our region.

We welcomed Shaz Kumar as our mobile lender. Shaz, who brings a wealth of knowledge and over 12 years of banking experience in the area, is self-generating business rather than waiting for leads to come into the branch and is creating more opportunities with home loans for the branch.


Kim Glinkowski and Brendan Rudd have both joined the team as Customer Service Officers. Kim, like Shaz, brings with her a wealth of knowledge gained over 10 years of banking experience.

Brendan was previously a business owner and worked in the Real Estate industry thus offering a new level of skills to the branch. He has a key interest around systems and social media, which will be very valuable.

Brendan Nasmyth has joined the branch as our Customer Relationship Officer with several years' experience in Customer Service, Sales and support roles.

These exciting and positive changes have allowed the branch to track well with our growth management plan and within the time we have set out for this transition. I would also like to thank Bendigo Corporate for their ongoing support through this progression.

In closing, I would again like to thank all shareholders, loyal customers, staff and fellow Board members for their support. I am thrilled with the evolution of the branch and the exciting times we have ahead.



Tristan Triffitt, Chairperson

Directors Report...

Your directors submit the financial statements of the company for the financial year ended 30 June 2022. The names and details of the company's directors who held office during or since the end of the financial year are as follows:

Tristan Triffitt

Chairperson

Occupation: Real Estate Agent

Qualifications, experience and expertise: Being heavily involved in Real Estate for over 18 years, Tristan Triffitt has achieved truly outstanding results. In his first year as an agent, he sold a record number of properties. He was recognised by the Real Estate Institute of NSW for award of excellence. Every year since, Tristan has been awarded with a Top Salesperson award from his peers in the industry, this is a record that few can match. Today, Tristan is the Director & Licensee in Charge at Exclusive Estate Agents. Not only is he a fully licensed real estate agent, he's also a licensed auctioneer, licensed stock and station agent and even a qualified real estate trainer. Given all this, Tristan is able to offer superb service to clients wishing to sell their home.

Tristan is also a Deputy Captain for the Rural Fire Service and has committed over 12 years of service. He was recently honoured with his long service medal from the Deputy Commissioner

Special responsibilities: Marketing Committee

Interest in shares: Nil

Evelyn Szumski

Deputy Chairperson / Secretary

Occupation: Coach and Trainer

Qualifications, experience and expertise: Holding key management and leadership roles within the Telstra corporation for 23 years, Evelyn was regarded as the 'go to' person on a range of corporate areas including employee coaching, mentoring, employee rights, nationwide policies, procedures and rollout of systems, demonstrating the high regard held for her by the Telstra Corporation. She also specialises in coaching business owners and company CEOs. Evelyn helps business owners identify their goals, understand and formalise them and strategize the implementation of achieving these goals in simple, easy to manage steps over allocated time frames and she practices brain-based coaching being an authorised YB12 coach. She is also an accredited SEI EQ Assessor. Six Seconds Certified EQ Assessor, YB12 Coach Authorisation, Neuro leadership coaching accreditation, Executive coach Master Business accelerator, Certified Leading Dimensions Profiler, Cert IV TAE, Diploma of Management, Deakin University - Team leader development program, Diploma of Business Administration.

Special responsibilities: Governance and Marketing Committee.

Interest in shares: Nil

Alison Nancy Dench

Non-executive Director

Occupation: Executive Director, Local Government

Qualifications, experience and expertise: B. Social Science & BA Hons Politics. Over 26 years' experience in the human and community services sectors holding various roles in government and non-government services. Experience in direct care, service management, service delivery and policy development. Current Executive Director Community and Corporate with Wollondilly Shire Council.

Special responsibilities: Company Secretary (until November 2021) and Governance committee.

Interest in shares: 1,501

Phillip Lee Digger

Non-executive Director

Occupation: Small Business Owner

Qualifications, experience and expertise: Upholsterer, Carpet Sales and Flooring layer. Life member of Picton Rugby League Football Club. Tafe in Upholstery & Carpet Laying.

Special responsibilities: Nil

Interest in shares: 2,001

Directors (continued)

Josephus Huibertus Muller

Non-executive Director

Occupation: Retired

Qualifications, experience and expertise: Teaching Certificate (Wagga Wagga Teachers College 1972), Bachelor of Financial Administration (UNE 1986) and Cert IV in Human Resources 2011 Macarthur TAFE. Has worked as a management accountant for New Zealand company, Ceramco, during 1984-90. Has helped form and subsequently manage a worker co-operative that functioned successfully for eleven years. During that period was appointed as a director of the Australian Co-Operatives Association. Is currently serving as a Secretary/Treasurer of Buxton Rural Fire Brigade having held the position for the past nine years.

Special responsibilities: Finance Committee; Governance Committee

Interest in shares: 500

Tia Louise Veech

Non-Executive Director

Occupation: Self-employed

Qualifications, experience and expertise: Aromatherapist currently self-employed. Market Organiser - Wollondilly Markets, Light Up the Oaks & Time Travelers World Fair. Previously: Family Day Care operator, clerical positions and various direct sales positions. Currently helping with the Dilly Drought Drive. Involved in local women's networking groups and admin on a variety of local community and networking Facebook pages.

Other former directorships: Our Community Pantry

Special Responsibilities: Marketing Committee

Interest in shares: 2,000

Amanda Olic

Non-executive director (appointed 31 July 2022)

Occupation: Self-employed

Qualifications: Solicitor practicing since 2011 in Sydney and surrounding areas working in commercial law, criminal law, employment law, family law, injury compensation, property law and conveyancing and wills and estate law. Amanda is also actively involved in the community including as a director of a local registered club.

Special responsibilities: Marketing committee

Interest in shares: Nil

Leigh Christopher

Non-executive director (appointed 31 July 2022)

Qualifications: 12 years experience within the Financial Services industry, Certified Financial Planning (CFP)

Bachelor of Business (Applied Finance) UWS, Advanced Diploma of Financial Planning

Director | Financial Adviser at Australian Finance Hub Wealth Management

Specialist in Self-Managed Super Fund set up. Assisting clients with tailored personal insurance (Income Protection) and assist with claims. Wealth accumulation and management

Interests include Rugby League, golf, travelling, time with family and friends

Special Responsibilities: Marketing and finance Committees

Interest in shares: Nil

Leanne Maree Anderson – resigned November 2021

Treasurer

Occupation: Licensed Conveyancer

Qualifications, experience and expertise: Worked in a legal practice for over 38 years. Volunteer Fire Fighter with Thirlmere Brigade. Treasurer for last 5 years with Thirlmere Fire Brigade. Volunteered for Thirlmere Roosters Footy Club for 10 years.

Special responsibilities: Governance and Finance Committee

Interest in shares: 1,000

Directors (continued)

Linda Maree Difrancesco – resigned November 2021

Non-executive Director

Occupation: Director

Qualifications, experience and expertise: Director of Sydney West Furniture Repairs. Began career in retail management before opening her own furniture and repairs restoration business in 1994. Has lived in Wollondilly since 2001 and worked for a local real estate agent. Is a Parramatta advocate for her local community.

Special responsibilities: Marketing Committee.

Interest in shares: 10,000

Louise Sparkes - resigned November 2021

Non-executive Director

Occupation: Self-Employed

Qualifications, experience and expertise: Marketing Experience for the past 10 years with a genuine love for connecting people and brands. Louise's passion and experience is in marketing and making connections between businesses. Through the delivery of social media and marketing services Louise builds upon opportunities to showcase and enhance businesses to help them develop their full potential.

Louise is also a member of the Youth Solutions Fundraising Committee.

Special responsibilities: Marketing Committee.

Interest in shares: Nil

Directors were in office for this entire year unless otherwise stated.

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

Company Secretary

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

- Evelyn Szumski was appointed company secretary on 15 November 2021.
- Alison Nancy Dench was appointed as company secretary on 2 August 2010 and ceased on 1 November 2021

Principal Activities

The principal activities of the company during the financial year were facilitating Community Bank services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

Review of Operations

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was \$25,990 (30 June 2021: \$43235):

Dividends

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

	2022
	\$
Unfranked dividend of 5c per share (2021:5cents)	44,225

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statement.

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.

Meetings of Directors

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

	Board Meetings Attended		Committee Meetings Attended					
			Governance & HR		Marketing		Finance	
	A	B	A	B	A	B	A	B
Tristan Triffitt	9	9	-	-	6	5	-	-
Evelyn Szumski	9	9	8	8	6	6		
Josephus Huibertus Muller	9	3	8	6	-	-	8	4
Alison Nancy Dench	9	7	8	7	-	-	-	-
Philip Lee Digger	9	4	-	-	-	-	-	-
Tia Veech	9	8	-	-	6	6	-	-
Linda Maree Difrancesco	9	0	-	-	6	0	-	-
Leanne Maree Anderson	9	3	5	3	-	-	4	4
Louise Sparkes	5	1	-	-	3	3	-	-

A – eligible to attend

B – number attended

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
Tristan Triffitt	-	-	-
Evelyn Szumski	-	-	-
Tia Louise Veech	2000	-	2000
Josephus Huibertus Muller	500	-	500
Alison Nancy Dench	1501	-	1501
Phillip Lee Digger	2001	-	2001
Leanne Marie Anderson	1000	-	1000
Louise Sparkes	-	-	-
Linda Maree Difrancesco	10,000	-	10,000

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.

Indemnification 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



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 Picton & District Community Enterprises Limited

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 September 2022

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

Adrian Downing
Lead Auditor



afsbendigo.com.au

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Manager's report... Financial Year 2021/22

The core values of Bendigo and Adelaide Bank are teamwork, integrity, performance, engagement, leadership and passion, and these attributes have never been so relevant as in the Year 2021-2022. This has been a testing time for Management, though with determination, resilience, and a will to succeed the branch remained a profitable business, with a return on investment to shareholders.

The branch has experienced many changes both economically, environmentally and with staff. We saw our competitors operating on reduced hours whilst we kept our doors open and kept the branch fully operational, providing support to our valued customers in the midst of record high property prices as well as record low interest rates. With the move to a more digital and online approach to banking our focus on social media and our assistance for our clients was enhanced.

These factors had a significant impact on the Community Branch's results for 2021/2022 year. Investors and economist's alike view lower interest rates as a catalyst for growth through a benefit to personal and corporate borrowing. This in turn leads to greater profits and a robust economy.

The branch benefited from a growth of 16% in deposits, which is an outstanding result considering investment rates were at a record low. Our lending book decreased by 12% due to several factors: the amortisation of debt, competitors enticing new business by offering cash back offers, and as a result of not having an engaged community lender throughout this 12 month period, in what is considered a highly competitive market. Overall; net growth achieved 4%. The branch will be recording a profit situation for 2021-22 through controlled expenses.

An integral part of our business is that our community bank model contributes 80% of profits back into the community, and 20% to our shareholders. Donations for the 2021/2022 year exceeded \$27,500, with the branch sponsoring a total of 12 schools and 18 sporting clubs, Not for Profit foundation and local community events. The majority of these funds were donated from accumulations from previous years' trading performances, and as a result of the community support we receive.

During the past year the branch has been operating on an extremely lean staffing ratio and we thank all our customers for your continued patience and patronage. The branch is known for its customer service and its personable approach to banking. Emma Hawkins and Julie Bird have been the driving force behind the customer service levels and were the first point of contact for the business for many years. They enjoyed going beyond the call of duty to assist anyone in need of support or assistance, no problem was ever too big or too small!. As with any business, you need to continue to change and evolve, which saw us farewell both ladies to pursue other career paths or to relocate interstate. Emma is now enjoying a career as an apprentice Train Driver for Sydney while Julie and her family moved interstate to pursue interests in dairy farming.

We would like to thank Rebecca Robertson from Bendigo and Adelaide Bank corporate, as well as associated staff from the community branch in Fairy Meadow, for providing us with assistance whilst we went through the process of engaging and training new staff. The branch welcomed local Kim Glinkowski as our new Customer Service Officer. Kim has previously worked in the banking industry, so brings experience to the table. A new Customer Relationship Officer and another Customer Service Officer have also been engaged to assist with the growth of the business in 2022-2023.

The 2021-2022 year saw us experience what is a great deal of change for a small community branch/business and it was gratifying to be recognised with nominations for our efforts, despite the difficulties we had to overcome. The branch reached the finals, in the Wollondilly Business Awards, Outstanding Professional Service Category and was honored to have been nominated. The great reviews and testimonials throughout the year from our customers also resulted in nomination for the Business Awards Category of the Wollondilly Women in Business Awards.

Financially, sufficient cash flow is being generated to continue to meet administration and operating expenses, however improvement was required in the lending arm of the business. As part of the Board's strategic plan, employment of a Mobile Lender was undertaken in January 2022 to build on and grow our

mature lending book. Shanaz Kumar was successfully brought into this role, and we now look forward to her driving the acquisition of new business. Management and the Board have plans to expand this part of the business in the future, so watch this space as we look forward to continued service to our clients, friends and families.

We plan to expand our team, to arm ourselves for the growth of the business in 2022/2023. This may well see the branch operating at a loss for a short while, as we go through another transition period of structure for the branch and the development of our people.

I am very proud of what has been achieved by our Team, who constantly strive to do their very best in a professional, ethical and transparent manner. With the change in Branch management, it has amazed me how a very small team has delivered on our objectives and performance measures, whilst maintaining our service standards, in a what has been considered a challenging 12 month period.

I would also ask that you consider the support provided by our Board of Directors all of whom are engaged on a volunteer basis. The Board are responsible for the strategic decisions being taken in a highly regulated and evolving industry. The integrity, insight and dedication they have contributed are integral to good organisation and management, and the viability of the branch as we successfully celebrated our tenth year of trade in October 2021.

We are very grateful for our support staff, Fern Rice, Your PA and More and Leanne Garrett, A-Line Accounts. We all share a common vision for the business - to be here for our community as we take the business/branch to the next phase in its life cycle.

I hope that our customers continue to enjoy a productive and supportive relationship with our community branch in Picton, and I wish to thank you all for contributing to the success of our business!

I appreciate the trust placed in me to manage the daily operations and to make decisions on behalf of the branch and our loyal customer base.

Belinda Dyson, Branch Operations Manager

Welcome to our new Mobile Lender



Shanaz Kumar - Community Bank Picton & District, Branch Mobile Lending Manager

Shanaz has over 12 years of experience in finance, based in South West Sydney and the Macarthur Region.

She is passionate about what she does and travels with her clients in their home loan Journey from start to finish, making their homeownership dream come true !

Shaz has a wide area of connections from which to develop leads and grow the lending arm of the business in a very flexible way. She has been building her base from Liverpool to Picton and can meet clients when and where it suits them – either in the Branch, over the phone or via video call.

Shaz has a young family and connections with community organisations which will help to generate additional business.



Our Bank Branch – Strategic Plan and Structure

We have been working hard again this year on our strategic plan and refining the new structure for the business. We have also continued to implement our sound market research, promoted our products, and got the brand out there - all within a well-considered budget.

Our strategy to use several ways to get the word out about our business without it “breaking the bank” continues and following are some of the initiatives that have been implemented:

- ✓ Using our Cabanas to have a physical presence in the Community
- ✓ Taking advantage of the Community Bank marketing initiatives and templates
- ✓ Designing and promoting our social media presence
- ✓ Collaborating with other key community players
- ✓ Offering our services and product as a competition prizes
- ✓ Promoting referral marketing with the help of our Branch Manger
- ✓ Getting our name out there through radio and the print media

A snapshot of some of our activities...

We continue to partner with the Shining Stars Foundation Street Outreach Service. For the past 2 years, every fortnight the Wollondilly outreach food service has been located at Picton and Bargo. During lockdown our Board Member Tia Veech continued outreach to local families each week. Shining Stars has a tagline that states 'Together we make a difference' and this aligns with the very nature of our mission as a community bank.



We'd like to take this opportunity to publicly acknowledge the hard work of the Shining Stars volunteers. Community Bank Picton & District were proud to sponsor and support our community through the efforts of this organisation. BIG thank you to Hunts Hotel Liverpool for cooking our meals.

Without bighearted organisations like Hunts Hotel Liverpool who open their kitchen to the Shining Stars volunteers and Khan's SUPA IGA Bargo who let us set up one of the Wollondilly outreach services, we wouldn't be able to help families with meals when times are tough.



Together we make a difference

Shining Stars Foundation are here for our community. Supplying an outreach program, to help anyone doing it tough.

BARGO
FREE OUTREACH MEAL SERVICE

FRIDAY FORTNIGHT

4 - 5pm

Outside Khan's IGA Bargo
90 Railside Ave, Bargo

KHAN'S SUPA IGA

Bendigo Bank
Bigger than a bank.

Picton & District
Community Bank® Branch
Phone 4677 1601



Proud to sponsor our Community Events!

Thirlmere Festival of Steam

Proud to be a sponsor for the Thirlmere Festival of Steam! So great to see the community out and about enjoying a great weekend at Thirlmere



Donation to the Australian Skin Cancer Foundation

Partnering with the Picton Rotary Club the Picton branch assisted with a BBQ Fundraising event for the Fundraiser Mission Melanoma. It was a great day at Picton Mall where the sausage sizzle was a wonderful sizzler raising much needed funds.



Illuminate Wollondilly

We had another great experience with our community during Illuminate Wollondilly, where we handed out nearly 300 balloons with lights in them. We spoke to many people about why banking with your local community bank is so different and so rewarding.



Sponsoring the Picton Chamber of Commerce Inaugural Golf Day

Our Team Below, Leigh Christopher, Pat Richards from Wests Tigers, our Chair Tristan Triffitt of Exclusive Estate Agents and Jacob Digger, teed off early for a wet but wonderful day at Antill Park Country Golf Club.



Sponsoring our sports Athletes across the Dilly - Wollondilly Razorbacks and the Wilton Netball Club!!



Supporting Escabags

♥ We are proud to be in partnership with Escabags - Escape Bags. Their Bags are filled with the necessities that a victim of abuse and his or her children may need when escaping an abusive or dangerous situation. During Escabags aWEARness Day 2022 we participated by 'Wearing it Yellow' in support of all those who have escaped Domestic & Family Abuse. Thank you to all the businesses, organisations and friendship groups across Australia who participated.



Colouring competition – Winners are Grinners!!

A big shout out and congratulations to James, Noah, Daniel and Lara who were the winners of our Coloring in Competition 🏆 Well done to you all and we look forward to continuing to see your smiling faces at the branch



Nominated Best Wollondilly Business in the
Wollondilly Women in Excellence Awards!!!

BEST WOLLONDILLY BUSINESS *Nominees*

BARGO DOCTORS
COMMUNITY BANK PICTON & DISTRICTS
HAIRBOMB
ICONIX SALONS
PB CATERING
PICTON FAMILY MEDICAL CENTRE
PICTON SOCIAL
ROSSY NAILS & BEAUTY
SHOOTING STARS DANCE ACADEMY
THE KIDS COTTAGE TOY BOUTIQUE



Congratulations Tia Veech!! Our Local Hero

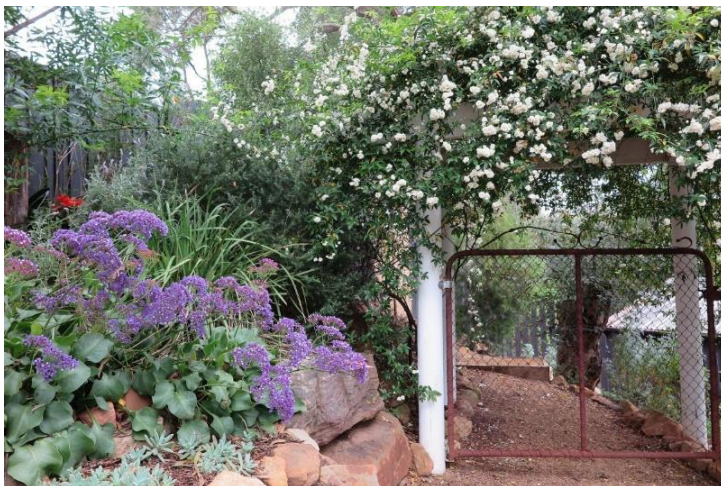


Well Done Tia, Congratulations! 🍌 🍩

Congratulations to the Nominees and Winners of the Recent Australia Day Citizenship Award Ceremony held By Wollondilly Shire Council.

Our board member & Branch Ambassador Tia Veech received an absolutely well-deserved acknowledgment of her achievements in the “Local Hero” Award 2022! Tia’s passion of helping others and her involvement on the front line and behind the scenes with so many community initiatives, has led her to be recognised for her efforts.

Wollondilly Spring Garden and Christmas lights competitions



Community Bank Picton & District is always proud to be one of the sponsors of the annual spring garden competition

It was absolutely amazing to see the Community effort in lighting up the community Christmas spirit in the 2021 Wollondilly Christmas lights competition! Proud to be sponsors of this.



10 Year Birthday Celebrations

Thank you to everyone who participated in our 10-year birthday Celebrations!!

We placed 10th Anniversary Dilly Rocks around the shire and 10 Lucky 10-year-old Wollondillians were awarded a surprise to celebrate!!

Thank you for celebrating with us! 🎁

Free Coffee Day

We had a FREE COFFEE DAY! ☕

The first 10 people through the door received a FREE coffee at our four participating businesses.

Big thanks to Picton Social, Macs Country Café Wilton, Where Ya Bean? Tahmoor & Off the Rail Thirlmere



An AED Unit in all the Shire's Men's' Sheds!

As part of our initiative to have an AED unit in all the shire's Men's' sheds, Anne from Rapid 1st Aid and our Director Tia Veech delivered a unit to BARGO MENS SHED INC.

Dave, Greg and Wayne gave us a tour and explained the work needed to make this space a valuable asset for the men of Bargo. They have some work to do and we can feel confident that in a worst case scenario event they now have the tools on hand to deal with it. Anne went through some of the basics with the guys and a thorough training will be provided to the Shed in the very near future. So proud to be a part of this initiative!!



NSW Flood Appeal...

The floods in 2022 across NSW had a devastating impact on communities and people living in the flood-affected areas.

In response to the disaster event across NSW, Bendigo Bank launched the NSW Flood Appeal.

Funds raised will support the immediate aftermath of the floods and the short, medium and long-term recovery of individuals and communities.

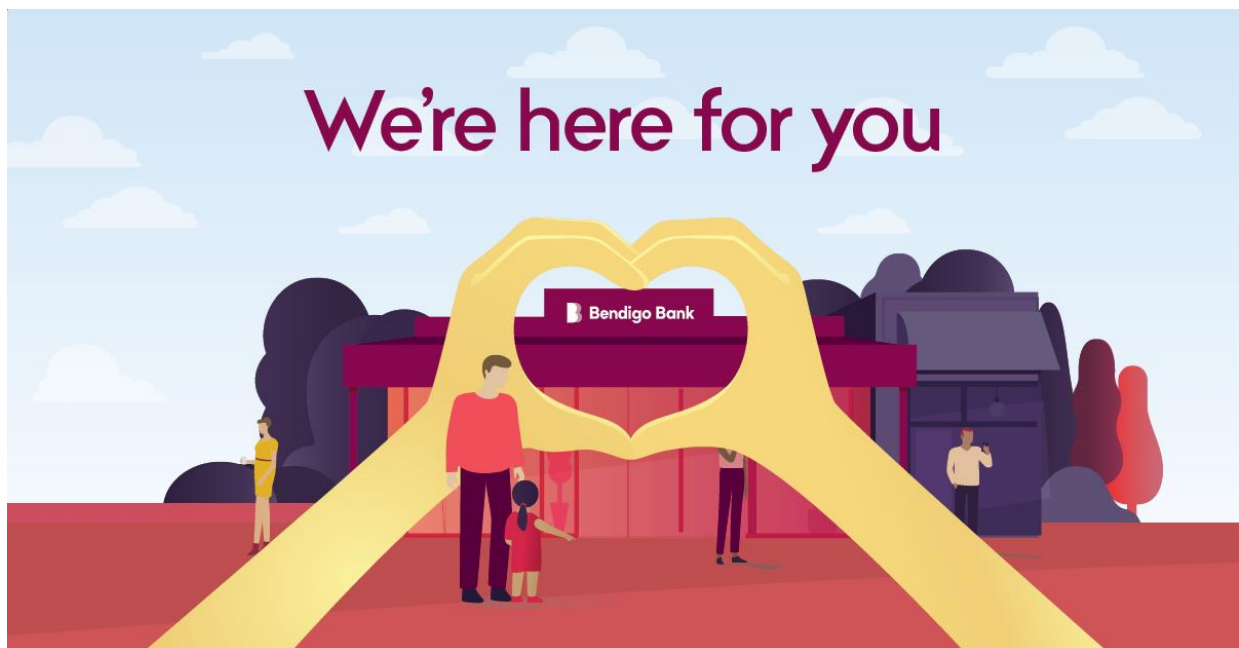


Continuing our commitment to Foundation 13 - West Tigers



We proudly continue to support The West Tigers through their Foundation 13 program and were very excited to be a part of the Official NRL Season launch. The West Tigers Foundation 13 is wholeheartedly committed to enriching the lives of our community and harnessing the game's popularity to make a lasting difference in people's lives across the Inner, Southwest of Sydney and throughout Wollondilly and Wingecaribee.

That's our team! Go the Wests Tigers.



Together We Make A Difference ❤️

Payment of Dividends!!!

On the 17 March 2021 the Board provided Shareholders an update on the progress of Picton and District Community Bank Branch. We were pleased to announce that the branch continued to make a profit and a dividend was to be made.

The Board thanked shareholders of Picton and District Community Bank® Branch for their support and the instrumental role they had played in the success of the Community Bank® branch to date.

The Board also acknowledges for the past 11 years the people of Picton and the surrounding districts have supported their locally owned Community Bank branch by transferring their banking business to Picton and District Community Bank Branch.

As a result of this the Board is very pleased to advise of the positive financial position and a fourth dividend payment was made to shareholders.

An unfranked dividend of \$0.05 which equates to a 5% return on the original share investment, was paid on shareholdings for the period July 2021 to 30 June 2022. The payment was made on the 29 June 2022.

This dividend demonstrates the success of our venture and we thanked shareholders for their ongoing commitment to our community and their Community Bank branch.

A letter was sent to all Shareholders requesting their details together with a certified copy of supporting identification, to be returned as soon as possible to AFS & Associates Pty Ltd, by email to shareregistry@afsbendigo.com.au or post to PO Box 454, Bendigo, VIC 3552.

This was requested to ensure that our records were updated prior to the payment of the dividend, which was electronically deposited to shareholders' accounts. A dividend could only be paid once this occurred.

If you are a shareholder and you did not receive information or a dividend payment, please contact the Bank and we will assist in ensuring you receive your dividend for the 2022/23 financial year.

Once again, the Board would like to thank Shareholders for your contribution to the success of the Picton and District Community Bank Branch and look forward to providing you with further updates in the future.

If you have any queries please contact Belinda Dyson, Operations Branch Manager of the Picton and District Community Bank Branch on 02 4677 1601.

Trading Shares in Picton & District Community Enterprises Ltd.

Community Bank Picton & District Branch of Bendigo Bank is operated by Picton & District Community Enterprises Limited.

Picton & District Community Enterprises Limited also operates a Special Market called a Low Volume Market (LVM), to facilitate the trading of its shares.

The AFS share registry team provide a comprehensive share register management service for Picton & District Community Enterprises Limited and offer a secure online platform to manage the share registers allowing real time access to registry information by board members and shareholders.

In 2021-22 financial year AFS took over the management of the LVM for Picton & District Community Enterprises Limited. Further information can be found at the following web link.

<https://www.afsbendigo.com.au/share-registry/>

There are no recent share trades for Picton & District Community Enterprises Limited. In order to buy or sell shares in Picton & District Community Enterprises Limited you must first register your interest formally.

The following web link will enable you register online or download the appropriate forms to complete any transactions in the LVM.

<https://www.bendigobank.com.au/branch/nsw/community-bank-picton-district/lvm-shares/>

If a registered buyer and seller agree to trade shares, the buyer must first seek approval from the Company's Board by completing the Share Purchase Form and sending to AFS.

Once approved, the registered buyer and seller must complete the Security Transfer Form and send it to AFS.

Stamp Duty may also be payable and it is wise to check with the State Revenue Office for details. If Stamp Duty applies, the buyer must comply with State Revenue Office regulations prior to submitting the Security Transfer Form to AFS.

All LVM interest and transactions should be posted to:

Share Registry Team, AFS & Associates Pty Ltd
Picton & District Community Enterprises Limited
PO Box 454 Bendigo VIC 3552
shareregistry@afsbendigo.com.au

A full list of the interested traders as at 30 June 2022 (including number of shares and desired trading price) is provided as follows:

Buyers

Parcel	Min Sale Price (Per Share)	ID	Interest Lodged
500	\$0.80	25	04/05/2021

Sellers

Parcel	Min Sale Price (Per Share)	ID	Interest Lodged
500	\$1.00	20	28/01/2022
50000	\$0.50	24	15/03/2021
5000	\$1.00	23	10/02/2021
500	\$1.00	20	23/11/2016
1000	\$1.20	19	13/07/2016
10000	\$1.00	18	09/11/2015
1000	\$1.00	17	25/08/2015
5000	\$1.00	16	17/08/2015
15000	\$1.00	15	04/08/2015
2500	\$1.00	13	07/04/2014
10000	\$1.10	10	25/02/2014
1000	\$1.10	9	14/11/2013
2500	\$1.00	7	09/09/2013
29000	\$0.80	6	01/05/2013
11200	\$0.80	5	01/05/2013
20000	\$1.00	4	06/11/2012
5000	\$2.00	3	03/09/2012
20000	\$1.50	2	19/08/2012
12700	\$1.00	1	15/03/2012

The identity of participants will be disclosed only to persons who register an interest

Special Market Condition Notices - Low Volume Market (LVM)

Picton & District Community Enterprises Limited does not hold a license to operate a financial market and is not subject to market obligations, in particular the obligation to ensure that the market is fair, transparent and orderly.

The market is covered by an exemption under section 791C of the Corporations Act. Picton & District Community Enterprises Limited does not provide a settlement service for trading in the market – it is the responsibility of the parties to a transaction to arrange payment between themselves.

Shares in Picton & District Community Enterprises Limited have characteristics that may differ from mainstream securities.

Special characteristics of Community Bank companies

- 'One shareholder one vote' constitutions rather than 'one share one vote'.
- Shareholder limit of 10% of issued capital for individuals and related entities.
- There is a limit on profits that can be distributed to shareholders, including through dividends. By way of overview, the limit is the higher of: (a) 20% of the profits of the Company otherwise available for distribution to shareholders in the financial year, and (b) the relevant rate of return (being the weighted average interest rate on 90 day bank bills over the 12 month period plus 5%) multiplied by the average level of share capital over the 12 month period.
- Persons who do not possess a "close connection" with the community served by Picton & District Community Enterprises Limited can be prohibited from acquiring shares in the Company.
- Share transfers which result in the number of shareholders in Picton & District Community Enterprises Limited falling below a fixed "Base Number" will be prohibited.
- These restrictions are intended to embed the community nature of Picton & District Community Enterprises Limited.
- Directors of Picton & District Community Enterprises Limited have the right to refuse to register any transfer of shares in their unlimited discretion.
- Full details of the restrictions on holding shares and Directors' powers to refuse to register a transfer of shares are set out in the Company's constitution. A copy of the constitution is available on request from the Company Secretary
- Stamp duty may apply in your State/Territory. Please refer to the State Revenue Office in your State for details.

Investor relations...

Shareholders - Contact Us

Company Details:

Picton & District Community Enterprises Ltd
ABN - 73 145 546 12
PO Box 660
Picton NSW 2571

Shop T20 Picton Mall,
9-13 Margaret St
Picton NSW 2571

Secretary Details:

Ally Dench
c/- PO Box 660
PICTON NSW 2571
Phone: 0408 651 923

Share Registry and LVM management Details:

AFS & Associates Pty Ltd
61-65 Bull Street
Bendigo VIC 3550

Postal Address
PO Box 454
Bendigo VIC 3552

Phone: 03 5443 0344
Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au
Web: www.afsbendigo.com.a

Picton & District Community Enterprises Limited

ABN: 73 145 546 121

Financial Report

For the year ended

30 June 2022

The directors present the financial statements of the company for the financial year ended 30 June 2022.

Picton & District Community Enterprises 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	588,128	637,681
Other revenue	7	21,272	55,060
Finance revenue		778	1,117
Employee benefits expense	8	(364,060)	(393,972)
Advertising and marketing costs		(5,128)	(1,523)
Occupancy and associated costs		(13,983)	(18,285)
System costs		(17,724)	(18,564)
Depreciation and amortisation expense	8	(61,459)	(48,687)
Finance costs	8	(10,029)	(10,826)
General administration expenses		<u>(72,812)</u>	<u>(108,401)</u>
Profit before community contributions and income tax		64,983	93,600
Charitable donations and sponsorships expense		<u>(30,135)</u>	<u>(37,585)</u>
Profit before income tax expense		34,848	56,015
Income tax expense	9	<u>(8,858)</u>	<u>(12,780)</u>
Profit after income tax expense for the year	20	25,990	43,235
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>25,990</u>	<u>43,235</u>
		Cents	Cents
Basic earnings per share	28	2.94	4.89
Diluted earnings per share	28	2.94	4.89

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

Picton & District Community Enterprises Limited

Statement of Financial Position

for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	10	333,105	343,922
Trade and other receivables	11	63,041	58,640
Total current assets		<u>396,146</u>	<u>402,562</u>
Non-current assets			
Property, plant and equipment	12	64,896	78,312
Right-of-use assets	13	133,725	160,909
Intangibles	14	55,790	3,734
Deferred tax assets	9	78,118	86,976
Total non-current assets		<u>332,529</u>	<u>329,931</u>
Total assets		<u>728,675</u>	<u>732,493</u>
Liabilities			
Current liabilities			
Trade and other payables	15	52,302	30,483
Lease liabilities	16	39,520	36,608
Employee benefits	17	13,078	26,582
Total current liabilities		<u>104,900</u>	<u>93,673</u>
Non-current liabilities			
Trade and other payables	15	60,340	-
Lease liabilities	16	130,620	165,254
Employee benefits	17	155	23,828
Provisions	18	24,780	23,623
Total non-current liabilities		<u>215,895</u>	<u>212,705</u>
Total liabilities		<u>320,795</u>	<u>306,378</u>
Net assets		<u>407,880</u>	<u>426,115</u>
Equity			
Issued capital	19	848,252	848,252
Accumulated losses	20	(440,372)	(422,137)
Total equity		<u>407,880</u>	<u>426,115</u>

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

Picton & District Community Enterprises Limited

Statement of Changes in Equity

for the year ended 30 June 2022

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020		<u>848,252</u>	<u>(421,147)</u>	<u>427,105</u>
Profit after income tax expense		-	43,235	43,235
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		<u>-</u>	<u>43,235</u>	<u>43,235</u>
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	22	<u>-</u>	<u>(44,225)</u>	<u>(44,225)</u>
Balance at 30 June 2021		<u>848,252</u>	<u>(422,137)</u>	<u>426,115</u>
Balance at 1 July 2021		<u>848,252</u>	<u>(422,137)</u>	<u>426,115</u>
Profit after income tax expense		-	25,990	25,990
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		<u>-</u>	<u>25,990</u>	<u>25,990</u>
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	22	<u>-</u>	<u>(44,225)</u>	<u>(44,225)</u>
Balance at 30 June 2022		<u>848,252</u>	<u>(440,372)</u>	<u>407,880</u>

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

Picton & District Community Enterprises Limited

Statement of Cash Flows

for the year ended 30 June 202

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		664,535	759,091
Payments to suppliers and employees (inclusive of GST)		<u>(584,031)</u>	<u>(628,367)</u>
Interest received		<u>80,504</u> <u>778</u>	<u>130,724</u> <u>1,117</u>
Net cash provided by operating activities	27	<u>81,282</u>	<u>131,841</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(2,282)	-
Payments for intangibles		<u>-</u>	<u>(13,431)</u>
Net cash used in investing activities		<u>(2,282)</u>	<u>(13,431)</u>
Cash flows from financing activities			
Dividends paid	22	(44,225)	(44,225)
Repayment of lease liabilities	16	<u>(45,592)</u>	<u>(39,315)</u>
Net cash used in financing activities		<u>(89,817)</u>	<u>(83,540)</u>
Net increase/(decrease) in cash and cash equivalents		(10,817)	34,870
Cash and cash equivalents at the beginning of the financial year		<u>343,922</u>	<u>309,052</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>333,105</u></u>	<u><u>343,922</u></u>

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop T20 Picton Mall, 9 Margaret Street, Picton NSW 2571.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 202

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 economic 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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 202

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	534,325	584,304
Fee income	27,000	30,070
Commission income	26,803	23,307
Revenue from contracts with customers	<u>588,128</u>	<u>637,681</u>

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:

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 202

Note 6. Revenue from contracts with customers (continued)

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 202

Note 7. Other revenue

	2022 \$	2021 \$
Market development fund	21,250	33,958
Cash flow boost	-	21,043
Other income	22	59
	<hr/>	<hr/>
Other revenue	<u>21,272</u>	<u>55,060</u>

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.

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 202

Note 8. Expenses

Depreciation and amortisation expense

	2022	2021
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	13,408	3,086
Plant and equipment	2,290	2,737
	<u>15,698</u>	<u>5,823</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>32,182</u>	<u>29,433</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,263	2,239
Franchise renewal fee	11,316	11,192
	<u>13,579</u>	<u>13,431</u>
	<u><u>61,459</u></u>	<u><u>48,687</u></u>

Finance costs

	2022	2021
	\$	\$
Lease interest expense	8,872	9,723
Unwinding of make-good provision	1,157	1,103
	<u>10,029</u>	<u>10,826</u>

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

Employee benefits expense

	2022	2021
	\$	\$
Wages and salaries	321,314	341,756
Superannuation contributions	29,030	32,782
Expenses related to long service leave	(23,673)	6,728
Other expenses	37,389	12,706
	<u>364,060</u>	<u>393,972</u>

Leases recognition exemption

	2022	2021
	\$	\$
Expenses relating to low-value leases	<u>7,481</u>	<u>6,507</u>

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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 202

Note 9. Income tax

	2022 \$	2021 \$
<i>Income tax expense</i>		
Movement in deferred tax	7,302	(4,022)
Reduction in company tax rate	-	3,479
Recoupment of prior year tax losses	1,556	13,323
	<u>8,858</u>	<u>12,780</u>
Aggregate income tax expense	<u>8,858</u>	<u>12,780</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>34,848</u>	<u>56,015</u>
Tax at the statutory tax rate of 25% (2021: 26%)	8,712	14,564
Tax effect of:		
Non-deductible expenses	146	208
Non-assessable income	-	(5,471)
Reduction in company tax rate	-	3,479
	<u>8,858</u>	<u>12,780</u>
Income tax expense	<u>8,858</u>	<u>12,780</u>
	2022 \$	2021 \$
<i>Deferred tax assets/(liabilities)</i>		
Tax losses	59,586	61,141
Property, plant and equipment	(875)	(3,662)
Employee benefits	3,308	12,603
Lease liabilities	42,535	50,466
Provision for lease make good	6,195	5,906
Accrued expenses	800	749
Right-of-use assets	(33,431)	(40,227)
	<u>78,118</u>	<u>86,976</u>
Deferred tax asset	<u>78,118</u>	<u>86,976</u>

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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 202

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	181,410	192,933
Term deposits	<u>151,695</u>	<u>150,989</u>
	<u>333,105</u>	<u>343,922</u>

Accounting policy for cash and cash equivalents

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

Note 11. Trade and other receivables

	2022 \$	2021 \$
Trade receivables	<u>56,742</u>	<u>51,157</u>
Other receivables and accruals	125	-
Prepayments	<u>6,174</u>	<u>7,483</u>
	<u>63,041</u>	<u>58,640</u>

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	116,688	116,688
Less: Accumulated depreciation	<u>(62,494)</u>	<u>(49,086)</u>
	<u>54,194</u>	<u>67,602</u>
Plant and equipment - at cost	70,466	68,184
Less: Accumulated depreciation	<u>(59,764)</u>	<u>(57,474)</u>
	<u>10,702</u>	<u>10,710</u>
	<u>64,896</u>	<u>78,312</u>

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2020	70,688	13,447	84,135
Depreciation	(3,086)	(2,737)	(5,823)
Balance at 30 June 2021	67,602	10,710	78,312
Additions	-	2,282	2,282
Depreciation	(13,408)	(2,290)	(15,698)
Balance at 30 June 2022	54,194	10,702	64,896

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

Leasehold improvements	5 to 15 years
Plant and equipment	2 to 10 years

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

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

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

Changes in estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

The company's review of estimates resulted in changes in the useful life of some of the branches leasehold improvements. The useful life had previously been assessed as 40 years until October 2051. This is now expected to be 15 years until October 2026. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 \$	2023 \$	2024 \$	2025 \$	2026+ \$
(Decrease) increase in depreciation expense	10,466	10,466	10,466	10,466	(41,864)

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 13. Right-of-use assets

	2022 \$	2021 \$
Land and buildings - right-of-use	435,501	430,503
Less: Accumulated depreciation	<u>(301,776)</u>	<u>(269,594)</u>
	<u>133,725</u>	<u>160,909</u>

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	160,107	160,107
Remeasurement adjustments	30,235	30,235
Depreciation expense	<u>(29,433)</u>	<u>(29,433)</u>
Balance at 30 June 2021	160,909	160,909
Additions	4,998	4,998
Depreciation expense	<u>(32,182)</u>	<u>(32,182)</u>
Balance at 30 June 2022	<u>133,725</u>	<u>133,725</u>

Accounting policy for right-of-use assets

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangibles

	2022 \$	2021 \$
Franchise fee	32,131	21,192
Less: Accumulated amortisation	<u>(22,833)</u>	<u>(20,571)</u>
	9,298	621
Franchise renewal fee	110,657	55,961
Less: Accumulated amortisation	<u>(64,165)</u>	<u>(52,848)</u>
	46,492	3,113
	<u>55,790</u>	<u>3,734</u>

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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	2,860	14,305	17,165
Amortisation expense	(2,239)	(11,192)	(13,431)
Balance at 30 June 2021	621	3,113	3,734
Additions	10,939	54,696	65,635
Amortisation expense	(2,263)	(11,316)	(13,579)
Balance at 30 June 2022	<u>9,297</u>	<u>46,493</u>	<u>55,790</u>

Additions

During the current financial year, Picton franchise fees were renewed. This is being amortised over five years to October 2026.

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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	October 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	October 2026

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 \$
<i>Current liabilities</i>		
Trade payables	4,169	4,843
Other payables and accruals	48,133	25,640
	<u>52,302</u>	<u>30,483</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>60,340</u>	-

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 15. Trade and other payables (continued)

Accounting policy for trade and other payables

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

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

Note 16. Lease liabilities

	2022 \$	2021 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	46,830	45,480
Unexpired interest	(7,310)	(8,872)
	<u>39,520</u>	<u>36,608</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	140,490	181,920
Unexpired interest	(9,870)	(16,666)
	<u>130,620</u>	<u>165,254</u>
<i>Reconciliation of lease liabilities</i>		
	2022 \$	2021 \$
Opening balance	201,862	201,224
Remeasurement adjustments	4,998	30,230
Lease interest expense	8,872	9,723
Lease payments - total cash outflow	(45,592)	(39,315)
	<u>170,140</u>	<u>201,862</u>
<i>Maturity analysis</i>		
	2022 \$	2021 \$
Not later than 12 months	46,830	45,480
Between 12 months and 5 years	140,490	181,920
	<u>187,320</u>	<u>227,400</u>

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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 16. Lease liabilities (continued)

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

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

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

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

The company's lease portfolio includes:

Picton branch The lease agreement commenced in July 2011. A 5 year renewal option was exercised in July 2021. As such, the lease term end date used in the calculation of the lease liability is June 2026. The discount rate used in calculations is 4.79%.

During the financial year the monthly rent amount for the Picton Branch increased. As such an adjustment was required for the remeasurement of the lease liability and right-of-use asset.

Note 17. Employee benefits

	2022 \$	2021 \$
<i>Current liabilities</i>		
Annual leave	<u>13,078</u>	<u>26,582</u>
<i>Non-current liabilities</i>		
Long service leave	<u>155</u>	<u>23,828</u>

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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 17. Employee benefits (continued)

Other long-term employee benefits

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

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

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

Note 18. Provisions

	2022 \$	2021 \$
Lease make good	<u>24,780</u>	<u>23,623</u>

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 \$30,000 for the Picton 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 30 June 2026 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions

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

Note 19. Issued capital

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary shares - fully paid	884,509	884,509	884,509	884,509
Less: Equity raising costs			<u>(36,257)</u>	<u>(36,257)</u>
	<u>884,509</u>	<u>884,509</u>	<u>848,252</u>	<u>848,252</u>

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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 19. Issued capital (continued)

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 192. As at the date of this report, the company had 209 shareholders (2021: 209 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.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 20. Accumulated losses

	2022	2021
	\$	\$
Accumulated losses at the beginning of the financial year	(422,137)	(421,147)
Profit after income tax expense for the year	25,990	43,235
Dividends paid (note 22)	<u>(44,225)</u>	<u>(44,225)</u>
Accumulated losses at the end of the financial year	<u>(440,372)</u>	<u>(422,137)</u>

Note 21. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 22. Dividends

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

	2022	2021
	\$	\$
Unfranked dividend of 5 cents per share (2021: 5 cents)	<u>44,225</u>	<u>44,225</u>

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 23. Financial instruments

	2022	2021
	\$	\$
Financial assets		
Trade and other receivables	56,867	51,157
Cash and cash equivalents	<u>333,105</u>	<u>343,922</u>
	<u>389,972</u>	<u>395,079</u>
Financial liabilities		
Trade and other payables	112,642	30,483
Lease liabilities	<u>170,140</u>	<u>201,862</u>
	<u>282,782</u>	<u>232,345</u>

Accounting policy for financial instruments

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

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

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

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

Financial risk management

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

Market risk

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

Price risk

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

Cash flow and fair value interest rate risk

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest

The company held cash and cash equivalents of \$333,105 at 30 June 2022 (2021: \$343,922). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

Note 23. Financial instruments (continued)

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

Liquidity risk

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

Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2022				
Non-derivatives				
Trade and other payables	52,302	60,340	-	112,642
Lease liabilities	46,830	140,490	-	187,320
Total non-derivatives	99,132	200,830	-	299,962

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2021				
Non-derivatives				
Trade and other payables	30,483	-	-	30,483
Lease liabilities	45,480	181,920	-	227,400
Total non-derivatives	75,963	181,920	-	257,883

Note 24. Key management personnel disclosures

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

Tristan Triffitt	Phillip Lee Digger
Evelyn Szumski	Leanne Maree Anderson
Tia Louise Veech	Louise Sparkes
Josephus Huibertus Muller	Linda Maree Difrancesco
Alison Nancy Dench	

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

There were no transactions with related parties during the current and previous financial year.

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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 \$
<i>Audit services</i>		
Audit or review of the financial statements	<u>5,200</u>	<u>5,000</u>
<i>Other services</i>		
Taxation advice and tax compliance services	600	600
General advisory services	2,476	2,720
Share registry services	<u>3,120</u>	<u>3,217</u>
	<u>6,196</u>	<u>6,537</u>
	<u><u>11,396</u></u>	<u><u>11,537</u></u>

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	25,990	43,235
Adjustments for:		
Depreciation and amortisation	61,459	48,687
Lease liabilities interest	8,872	9,723
Change in operating assets and liabilities:		
Increase in trade and other receivables	(4,401)	(2,683)
Decrease in deferred tax assets	8,858	12,780
Increase in trade and other payables	16,524	8,021
Increase/(decrease) in employee benefits	(37,177)	10,975
Increase in other provisions	<u>1,157</u>	<u>1,103</u>
Net cash provided by operating activities	<u><u>81,282</u></u>	<u><u>131,841</u></u>

Note 28. Earnings per share

	2022 \$	2021 \$
Profit after income tax	<u>25,990</u>	<u>43,235</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>884,509</u>	<u>884,509</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u><u>884,509</u></u>	<u><u>884,509</u></u>
	Cents	Cents
Basic earnings per share	2.94	4.89
Diluted earnings per share	2.94	4.89

Picton & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2022

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 Picton & District Community Enterprises Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

Directors' Declaration

In the directors' opinion:

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

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

On behalf of the directors



Tristan Triffitt
Chairperson

23 September 2022 |



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

Report on the Audit of the Financial

Report Opinion

We have audited the financial report of Picton & District Community Enterprises Limited's (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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



Andrew Frewin Stewart
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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: 23 September 20

Adrian Downing
Lead Auditor

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