

# Annual Report 2022

Plantagenet Community  
Financial Services Limited

Community Bank  
Mount Barker  
ABN 89 096 387 816



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# Chairman's report

For year ending 30 June 2022

As Chairman of the Board, I would like to present the 20th Annual Report of the Plantagenet Community Financial Services Limited, the Community Bank Mount Barker.

Despite the low margin environment our branch has done very well, increasing our total book by \$18,160,789 to just under \$170 million due to the very strong efforts of Jason Price our manager and his staff. The Board would like to congratulate them for their strong performance, especially due to the difficult environment caused by COVID-19, the very low margin environment as well as the several staff changes during the year. Our branch has performed remarkably well.

I would like to thank the efforts of the Board, who have each put in many hours of voluntary work to ensure our branch is a success, enabling us to put such a great financial contribution back into our community. Callum Gribble joined the Board officially in early February. Ben Broad and Shaun Higgins retired in August and October, we thank them for their efforts and wish them well for the future.

We regret we were unable to pay a dividend this year due to the tight margins we were experiencing due to the very low interest rates. Towards the end of the financial year with the rise of official interest rates profitability is again beginning to rise.

However, we were able to maintain our sponsorships to the community at \$45,200 to about 18 different groups. These included Plantagenet Village Homes, Empowering Plantagenet Seniors, Plantagenet Historical Society, Plantagenet Scout Group, Plantagenet Sporting Club, our joint sponsorship with Albany and Tambellup Cranbrook Community Bank Branches with the Gate2Plate competitions amongst others.

In October 2021 it was 20 years since we opened our doors. In that time, we have returned to the community \$1,009,941 by way of sponsorships and \$382,774 by way of dividends. Something our shareholders and the community can be immensely proud of. This year we have upgraded the branch making it look quite swish especially with the picture of the old bridge on the back wall.

During the year we ran a raffle where the branch provided the prizes with all the proceeds of ticket sales going to the groups that sold them. The community groups raised \$42,170 with the top three groups being the Mount Barker Toy Library, Bullets Netball and the Mount Barker Speedway. We also ran a very successful Community Fair in November.

In conclusion we have had a very successful first 20 years and I am sure we all look forward to the next 20 years. For this we need to thank the present and past staff, our shareholders and all of our customers old and new without whom we would not have been able to contribute so much to make our community stronger and a much nicer place to live.

Thank you.



**John Howard**  
**Chair**

# Manager's report

For year ending 30 June 2022

As the Branch Manager of the Community Bank Mount Barker, I am proud to present the results for the 2022 financial year. COVID-19 has had a far greater impact on our region this year as we learn to live with the virus in our community. Thankfully our branch has coped with the virus well and we can proudly say that we have remained open for business during this time.

Community Bank Mount Barker continues to be there to help customers build and invest for future growth and opportunities, as we feed into the prosperity of our community, not off it. We now have almost \$170 million in funds under management, a growth of \$18 million or 12% from 2021.

As always, the key to the success in any organisation is its staff and the excellent customer service they provide. We have had quite a number of staff changes during the 2022 financial year. CSO Tahlia Robinson-Solczaniuk left us in December 2021 to pursue other opportunities. Thank you to Tahlia for her contribution to Community Bank Mount Barker over many years. Lyn Henry began as full time CSO and Tamara Bell returned to the branch as a part time CSO. Jenni Barlow remains on our casual roster along with Rachell Wierobiej. We are very fortunate to have such experienced staff. The standards our staff set in terms of customer service and support for the community is second to none and a wonderful example of teamwork and dedication. We are a real alternative to the major banks, and we are capitalising on that goodwill and uncertainty within the overall banking sector.

To the many shareholders of Community Bank Mount Barker – thank you for your ongoing support.

The endeavours of our Board members, capably lead by John Howard are acknowledged including their community engagement activities which ensure that our business remains relevant in our community. A special mention to our Administrator, Heather Bateman who provides a strong link between the Board and the branch. Her assistance and support to me in the role is invaluable.

I would also like to acknowledge the close working relationship we have with the Bendigo Bank Head Office, State Office and regional support staff. Their guidance and support, particularly over the last two years in ensuring the safety of staff and customers alike has been very much appreciated.

We value each and every one of our customers who entrust us with their banking and I have no doubt that with their continued support and loyalty, our Community Bank will go from strength to strength in the future.



**Jason Price**  
**Business Development Manager**

# Dividend payment history

Dividend to shareholders		
Financial year	Amount per share	Franking level
2021-22	nil	-
2020-21	3 Cents	100%
2019-20	2 Cents	100%

# Report of Sponsorships and contributions

Financial year	Community contribution
2021-22	\$45,200
2020-21	\$42,910
2019-20	\$40,665
2018-19	\$65,850
2017-18	\$102,399
2016-17	\$72,534

# Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,



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

# Community Bank National Council report

For year ending 30 June 2022

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

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

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

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

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

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

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

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

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

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

Warm regards



**Sarah Franklyn**  
CBNC Chair

# Directors' report

For the financial year ended 30 June 2022

The Directors present their report of the company for the financial year ended 30 June 2022.

## Directors

The following persons were Directors of Plantagenet Community Financial Services Ltd during or since the end of the financial year up to the date of this report:



**John Howard** Chair Person

John is our longest serving director having served 17 years. He has sat in the chair position for 14 years. John's is extremely dedicated and committed to his role on the board. He has seen the branch be inducted into the Bendigo Bank Hall of Fame, along with many other awards. John and his wife Sheryn own a farm in Mount Barker where John has been farming since 1981.



**Leonard Handasyde** Vice Chair Person

Len is very active in our community. As well as being a committed member of our board Len has served 12 years as a Shire Councilor, he is involved in the Fire Bridge and the Mount Barker Baptist Church and has worked with the Forest Hill community in the past. Len and his wife Heather own a farm in Forest Hill where they raised their family.



**Jim Rhind** Secretary

Jim is a retired school teacher who resides in Mount Barker with his wife Chaz. Jim has run the Plantagenet Company of Archers for the past 12 years. He has a special interest in the youth of the community. It was the banks Community approach that appealed to Jim and made him decide to join the board.



**Elizabeth Van Zeyl** Treasurer

Elizabeth has lived in Kendenup for the last 30 years and has been involved in running a farming business. She has also been actively involved on many voluntary community committees in varying positions. Over the last 14 years Liz has committed herself to supporting our local Community Bank giving many volunteer hours of her time to extend the Community Bank message.

**Grant Cooper** Director

Grant has served 15 years on the board across a variety of sub-committees. Grant and his wife Helen operate a family farm in the Shire of Plantagenet. Grant has enjoyed his time on the board as it allows him to learn and expand his knowledge.



**Natalie Vesey** Director

Natalie is a Great Southern local who is very active in the community. Natalie has completed a B.Sc (Hons) Horticulture and Viticulture and since returning to Mount Barker has created a successful cake baking and decorating business. Natalie is passionate about creating change and is a vocal advocate for parent engagement and transparent communication at the local college.

## Directors' report (continued)



**Callum Gribble – Appointed 1/2/22** Director

Callum is the Associate Principal of Mount Barker Community College. He has been heavily involved in the community, being a founding member of the Mount Barker Soccer Club. He has also been involved with the Mount Barker Basketball Association and the Kendenup Cricket Club.

**Ben Broad – Retired 3/8/21**

Director

**Shaun Higgins – Retired 5/10/21**

Director

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings	
	A	B
John Howard	12	12
Leonard Handasyde	12	10
Jim Rhind	12	12
Elizabeth Van Zeyl	12	12
Grant Cooper	12	4
Natalie Vesey	12	8
Ben Broad – Retired 3/8/21	2	2
Shaun Higgins – Retired 5/10/21	3	1
Callum Gribble – Appointed 1/2/22	5	5

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

# Directors' report (continued)

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## Company Secretary

Jim Rhind has been the Company Secretary of Plantagenet Community Financial Services Ltd since the 5<sup>th</sup> of December 2017.

## Principal activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited. There has been no significant change in the nature of these activities during the year.

## Review of operations

The profit of the company for the financial year after provision for income tax was \$ 35,151 (2021: \$64,624), which is a 46% decrease compared with the previous year. The net assets of the company have increased to \$846,239.

## Dividends

No dividend was declared or paid for the year ended 30 June 2022. (2021 3 cents per share).

## Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report

## Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year

## Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

## Likely developments

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

## Environmental regulations

The company is not subject to any significant environmental regulation.

## Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

## Directors' report (continued)

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### **Proceedings on behalf of company**

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

### **Auditor independence declaration**

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 9 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Mt Barker on 6 September 2022.



John Howard  
Chair

# Auditor's independence declaration

24th August 2022

The Board of Directors  
Plantagenet Community Financial Services Ltd  
PO Box 117  
MT BARKER WA 6324

By Email Only

Dear Directors

## AUDITOR'S INDEPENDENCE DECLARATION AS REQUIRED BY SECTION 307C OF THE CORPORATIONS ACT 2001

As lead Auditor for the audit of Plantagenet Community Financial Services Ltd for the year ended 30 June 2022, I declare to the best of my knowledge and belief, that there have been:

- a) no contraventions of the Auditor independence requirements of the Corporations Act 2001, in the relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This Declaration is made in respect of Plantagenet Community Financial Services Ltd during the period of the audit.



Paul Gilbert, FCPA MBA Director  
Macleod Corporation Pty Ltd



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CERTIFIED PRACTISING ACCOUNTANTS

# Financial statements

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

	Note	Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
<b>Revenue</b>			
Operating income		738,025	748,396
Covid – 19 relief income		-	50,000
	<b>2</b>	<u>738,025</u>	<u>798,396</u>
<b>Expenses</b>			
Employee benefits expense	<b>3</b>	(475,109)	(494,619)
Administration and general costs		(112,916)	(107,860)
Bad and doubtful debts expense	<b>3</b>	(379)	-
Occupancy expenses		(14,355)	(17,237)
System Costs		(20,382)	(20,144)
Depreciation and amortisation expense	<b>3</b>	(35,640)	(32,707)
Finance costs	<b>3</b>	(2)	(2)
Other expenses		-	-
		<u>(658,783)</u>	<u>(672,569)</u>
<b>Profit / (loss) before charitable donations &amp; sponsorships</b>		<b>79,242</b>	<b>125,827</b>
Charitable donations and sponsorship		(45,200)	(42,910)
<b>Profit / (loss) before income tax</b>		<b>34,042</b>	<b>82,917</b>
Income tax expense / (benefit)	<b>4</b>	(1,109)	18,293
<b>Profit / (loss) for the period</b>		<b>35,151</b>	<b>64,624</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>35,151</b>	<b>64,624</b>
Profit / (loss) attributable to members of the company		35,151	64,624
<b>Total comprehensive income attributable to members of the company</b>		<b>35,151</b>	<b>64,624</b>
<b>Earnings per share (cents per share)</b>			
- basic earnings per share	<b>18</b>	7.3	13.3

Statement of Financial Position for the year ended 30 June 2022

	Note	Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	156,109	153,105
Trade and other receivables	6	84,570	65,486
Financial assets	7	118	118
Other assets	8	10,510	6,077
<b>Total current assets</b>		<b>251,307</b>	<b>224,786</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	683,234	670,016
Intangible assets	10	52,110	-
Deferred tax assets	4	14,367	10,274
<b>Total non-current assets</b>		<b>749,711</b>	<b>680,290</b>
<b>Total assets</b>		<b>1,001,018</b>	<b>905,076</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	104,928	38,071
Borrowings	13	16	44
Provisions	14	45,889	45,970
Current tax payable		(1,390)	5,123
<b>Total current liabilities</b>		<b>149,443</b>	<b>89,208</b>
<b>Non-current liabilities</b>			
Deferred tax liability	4	-	-
Provisions	14	5,336	4,780
<b>Total non-current liabilities</b>		<b>5,336</b>	<b>4,780</b>
<b>Total liabilities</b>		<b>154,779</b>	<b>93,988</b>
<b>Net assets</b>		<b>846,239</b>	<b>811,088</b>
<b>Equity</b>			
Issued capital	15	484,525	484,525
Retained earnings / Accumulated losses	16	361,714	326,563
<b>Total equity</b>		<b>846,239</b>	<b>811,088</b>

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

	Note	Issued Capital \$	Retained earnings \$	Reserves \$	Total Equity \$
<b>Balance at 1 July 2020</b>		<b>484,525</b>	<b>276,474</b>	-	<b>760,999</b>
Total comprehensive income for the period		-	64,624	-	64,624
<i>Transactions with owners in their capacity as owners:</i>					
Dividends recognised for the period	<b>17</b>	-	(14,535)	-	(14,535)
<b>Balance at 30 June 2021</b>		<b>484,525</b>	<b>326,563</b>	-	<b>811,088</b>
<b>Balance at 1 July 2021</b>		<b>484,525</b>	<b>326,563</b>	-	<b>811,088</b>
Total comprehensive income for the period		-	35,151	-	35,151
<i>Transactions with owners in their capacity as owners:</i>					
Dividends recognised for the period	<b>17</b>	-	-	-	-
<b>Balance at 30 June 2022</b>		<b>484,525</b>	<b>361,714</b>	-	<b>846,239</b>

## Financial statements (continued)

### Statement of Cash flow for the year ended 30 June 2022

	Note	Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		726,671	755,064
Receipts from government stimulus		-	50,000
Payments to suppliers and employees		(657,552)	(684,618)
Interest received		7	16
Interest paid		(2)	(2)
Income tax paid		(9,497)	(2,275)
<b>Net cash flows from / (used in) operating activities</b>	<b>19b</b>	<b>59,627</b>	<b>118,185</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(43,567)	(32,798)
Purchase of intangible assets		(13,028)	-
<b>Net cash flows from / (used in) investing activities</b>		<b>(56,595)</b>	<b>(32,798)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	22
Repayment of borrowings		(28)	-
Dividends paid		-	(14,535)
<b>Net cash flows from / (used in) financing activities</b>		<b>(28)</b>	<b>(14,513)</b>
<b>Net increase / (decrease) in cash held</b>		<b>3,004</b>	<b>70,874</b>
Cash and cash equivalents at beginning of period		153,105	82,231
<b>Cash and cash equivalents at end of period</b>	<b>19a</b>	<b>156,109</b>	<b>153,105</b>

# Notes to the financial statements

For the year ended 30 June 2022

These financial statements and notes represent those of Plantagenet Community Financial Services Limited.

Plantagenet Community Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on .

## 1. Summary of significant accounting policies

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### *Economic dependency*

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank** branch at 4 Short Place, Mt Barker WA.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank** branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank** branch 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 in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank** branch;
- Training for the Branch Managers 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; and
- Sale techniques and proper customer relations.

# Notes to the financial statements (continued)

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## 1. Summary of significant accounting policies (continued)

### (b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

### (c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

### (d) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

### (e) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (f) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

#### *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 intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

#### *Fair value assessment of non-current physical assets*

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

# Notes to the financial statements (continued)

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## 1. Summary of significant accounting policies (continued)

### (f) Critical accounting estimates and judgements (continued)

#### *Employee benefits provision*

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

#### *Income tax*

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

#### *Impairment*

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

### (g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company's assessment of the new and amended pronouncements that are relevant to the company are set out below:

#### **(i) AASB 9 *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2019)**

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- a) Financial assets that are debt instruments will be classified based on:
  - (i) the objective of the entity's business model for managing the financial assets; and
  - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

# Notes to the financial statements (continued)

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## 1. Summary of significant accounting policies (continued)

### (g) New accounting standards for application in future periods (continued)

- e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
- (i) the change attributable to changes in credit risk are presented in Other Comprehensive Income
  - (ii) the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard was first adopted for the year ending 30 June 2019, there was no material impact on the transactions and balances recognised in the financial statements.

## Notes to the financial statements (continued)

### 2. Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

#### *Rendering of services*

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

All revenue is stated net of the amount of goods and services tax (GST).

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Revenue		
- service commissions	738,018	748,380
	<u>738,018</u>	<u>748,380</u>
Other revenue		
- interest received	7	16
- rent revenue	-	-
- covid – 19 relief income	-	50,000
	<u>7</u>	<u>50,016</u>
<b>Total revenue</b>	<b><u>738,025</u></b>	<b><u>798,396</u></b>

### 3. Expenses

#### *Operating expenses*

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

#### *Depreciation*

The depreciable amount of all fixed assets is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Leasehold improvements	20%	SL
Plant and equipment	100%	SL

#### *Gains/losses upon disposal of non-current assets*

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

## Notes to the financial statements (continued)

### 3. Expenses (continued)

	2022	2021
	\$	\$
<b>Profit before income tax includes the following specific expenses:</b>		
Employee benefits expense		
- wages and salaries	409,667	414,782
- superannuation costs	41,576	61,988
- other costs	23,866	17,849
	<u>475,109</u>	<u>494,619</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- plant and equipment	15,912	26,974
- buildings	6,700	5,733
	<u>22,612</u>	<u>32,707</u>
Amortisation		
- franchise fees	13,028	-
- establishment fees	-	-
	<u>13,028</u>	<u>-</u>
Total depreciation and amortisation	<u>35,640</u>	<u>32,707</u>
Finance costs		
- Interest paid	2	2
Bad and doubtful debts expenses	379	-
(Gain) / Loss on disposal of property, plant and equipment	7	381
Auditors' remuneration		
<i>Remuneration of the Auditor for:</i>		
- Audit or review of the financial report	5,286	5,250
- Taxation services	-	-
- Share registry services	-	-
	<u>5,286</u>	<u>5,250</u>

## Notes to the financial statements (continued)

### 4. Income tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

	2022 \$	2021 \$
<b>a. The components of tax expense / (income) comprise:</b>		
Current tax expense / (income)	8,899	8,640
Deferred tax expense / (income)	(9,614)	10,037
Recoupment of prior year tax losses	-	-
Change to company tax rate	(394)	(384)
Under / (over) provision of prior years	-	-
	<u>(1,109)</u>	<u>18,293</u>
<b>b. Prima facie tax payable</b>		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 25% (2021: 26%)	8,511	21,558
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Under / (over) provision of prior years	-	-
- Non-deductible expenses	388	82
- Non Taxable Income	-	(13,000)
	<u>8,899</u>	<u>8,640</u>
<b>Income tax attributable to the entity</b>	<u>8,899</u>	<u>8,640</u>
The applicable weighted average effective tax rate is	26.14%	10.42%
<b>c. Current tax liability</b>		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	5,123	(7,669)
Income tax paid	(9,496)	6,724
Current tax	8,899	8,640
Deferred tax liability	(5,916)	(2,572)
	<u>(1,390)</u>	<u>5,123</u>

## Notes to the financial statements (continued)

### 4. Income tax (continued)

	2022	2021
	\$	\$
<b>d. Deferred tax asset / (liability)</b>		
Deferred tax relates to the following:		
<b>Deferred tax assets balance comprises:</b>		
Employee provisions	(12,806)	(13,195)
Accrued expenses	(2,843)	(1,980)
<b>Deferred tax liabilities balance comprises:</b>		
Prepayments	2,628	1,579
Plant & equipment	27,388	23,870
<b>Net deferred tax asset / (liability)</b>	<u><u>14,367</u></u>	<u><u>10,274</u></u>
Total carried forward tax losses not recognised as deferred tax assets	-	-
<b>e. Deferred income tax (revenue)/expense included in income tax expense comprises:</b>		
Decrease / (increase) in deferred tax assets	(15,649)	(15,175)
(Decrease) / increase in deferred tax liabilities	30,016	25,449
Under / (over) provision prior years	-	-
	<u><u>14,367</u></u>	<u><u>10,274</u></u>

### 5. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

	2022	2021
	\$	\$
Cash at bank and on hand	156,109	153,105
	<u><u>156,109</u></u>	<u><u>153,105</u></u>

## Notes to the financial statements (continued)

### 6. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

	2022 \$	2021 \$
<b>Current</b>		
Trade receivables	84,070	63,986
Other receivables	500	1,500
	<u>84,570</u>	<u>65,486</u>

#### Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount \$	Not past due \$	Past due but not impaired			Past due and impaired \$
			< 30 days \$	31-60 days \$	> 60 days \$	
<b>2022</b>						
Trade receivables	84,070	84,070	-	-	-	-
Other receivables	500	500	-	-	-	-
<b>Total</b>	<u>84,570</u>	<u>84,570</u>	-	-	-	-
<b>2021</b>						
Trade receivables	63,986	63,986	-	-	-	-
Other receivables	1,500	1,500	-	-	-	-
<b>Total</b>	<u>65,486</u>	<u>65,486</u>	-	-	-	-

# Notes to the financial statements (continued)

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## 7. Financial assets

### Classification of financial assets

The company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held to maturity investments, and
- available for sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The company has not designated any financial assets at fair value through profit or loss.

#### *Loans and receivables*

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

#### *Held to maturity investments*

The group classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

#### *Available for sale financial asset*

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

# Notes to the financial statements (continued)

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## 7. Financial assets (continued)

### Measurement of financial assets

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

*Amortised cost* is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

### Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

## Notes to the financial statements (continued)

### 7. Financial assets (continued)

#### *Assets carried at amortised cost*

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

#### *Assets classified as available for sale*

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

#### **Derecognition**

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

	<b>2022</b>	<b>2021</b>
	\$	\$
<i>Available for sale financial assets</i>		
Listed investments	118	118
	<u>118</u>	<u>118</u>

## Notes to the financial statements (continued)

### 8. Other assets

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

	2022 \$	2021 \$
Prepayments	<u>10,510</u>	<u>6,077</u>
	<u><b>10,510</b></u>	<u><b>6,077</b></u>

### 9. Property, plant and equipment

#### *Property*

Freehold land and buildings are carried at their fair value (refer note 1), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

## Notes to the financial statements (continued)

### 9. Plant and equipment (continued)

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Land</i>		
4 Henton Peak Heights (at fair value)	382,500	382,500
4 Short Street (at cost)	79,419	79,419
	<u>461,919</u>	<u>461,919</u>
<i>Buildings</i>		
At cost	281,635	256,942
Less accumulated depreciation	(94,130)	(87,430)
	<u>187,505</u>	<u>169,512</u>
<i>Plant and equipment</i>		
At cost	203,349	232,573
Less accumulated depreciation	(169,539)	(193,988)
	<u>33,810</u>	<u>38,585</u>
<b>Total property, plant and equipment</b>	<b><u>683,234</u></b>	<b><u>670,016</u></b>

#### Movements in carrying amounts

<i>Land</i>		
Balance at the beginning of the reporting period	461,919	461,919
Additions	-	-
Disposals	-	-
Balance at the end of the reporting period	<u>461,919</u>	<u>461,919</u>
<i>Buildings</i>		
Balance at the beginning of the reporting period	169,512	155,043
Additions	24,693	20,202
Disposals	-	-
Depreciation expense	(6,700)	(5,733)
Balance at the end of the reporting period	<u>187,505</u>	<u>169,512</u>
<i>Plant and equipment</i>		
Balance at the beginning of the reporting period	38,585	52,963
Additions	18,874	12,977
Gain/(Loss) on disposals	(4,951)	(381)
Depreciation expense	(18,698)	(26,974)
Balance at the end of the reporting period	<u>33,810</u>	<u>38,585</u>
<b>Total property, plant and equipment</b>		
Balance at the beginning of the reporting period	670,016	669,925
Additions	43,567	33,179
Gain/(Loss) on disposals	(4,951)	(381)
Depreciation expense	(25,398)	(32,707)
<b>Balance at the end of the reporting period</b>	<b><u>683,234</u></b>	<b><u>670,016</u></b>

## Notes to the financial statements (continued)

### 10. Intangible assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Franchise fee</i>		
At cost	265,138	200,000
Less accumulated amortisation	<u>(213,028)</u>	<u>(200,000)</u>
	52,110	-
<i>Preliminary expenses</i>		
At cost	3,857	3,857
Less accumulated amortisation	<u>(3,857)</u>	<u>(3,857)</u>
	-	-
<b>Total intangible assets</b>	<b><u>52,110</u></b>	<b><u>-</u></b>

#### **Movements in carrying amounts**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Franchise fee</i>		
Balance at the beginning of the reporting period	-	-
Additions	65,138	-
Amortisation expense	<u>(13,028)</u>	<u>-</u>
Balance at the end of the reporting period	52,110	-
<i>Preliminary expenses</i>		
Balance at the beginning of the reporting period	-	-
Amortisation expense	<u>-</u>	<u>-</u>
Balance at the end of the reporting period	-	-
<b>Total intangible assets</b>		
Balance at the beginning of the reporting period	-	-
Additions	65,138	-
Amortisation expense	<u>(13,028)</u>	<u>-</u>
<b>Balance at the end of the reporting period</b>	<b><u>52,110</u></b>	<b><u>-</u></b>

## Notes to the financial statements (continued)

### 11. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amount normally paid within 30 days of recognition of the liability.

	2022	2021
	\$	\$
<b>Current</b>		
<i>Unsecured liabilities:</i>		
Trade creditors	74,126	8,840
Other creditors and accruals	30,802	29,231
	<u>104,928</u>	<u>38,071</u>

The average credit period on trade and other payables is one month.

### 12. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

### 13. Borrowings

#### *Loans*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

## Notes to the financial statements (continued)

### 13. Borrowings (continued)

	2022 \$	2021 \$
<b>Current</b>		
<i>Secured liabilities</i>		
Bank loan	16	44
	<u>16</u>	<u>44</u>
<b>Non-current</b>		
<i>Secured liabilities</i>		
Bank loan	-	-
	<u>-</u>	<u>-</u>
<b>Total borrowings</b>	<u><u>16</u></u>	<u><u>44</u></u>

#### (a) Bank loans

The company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 3.74%. This loan has been created to fund the purchase of 4 Henton Peak Heights and is secured by the land and buildings at 4 Henton Peaks Heights.

### 14. Provisions

#### *Short-term employee benefits*

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

#### *Other long-term employee benefits*

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

	2022 \$	2021 \$
<b>Current</b>		
Employee benefits	45,889	45,970
	<u>45,889</u>	<u>45,970</u>
<b>Non-current</b>		
Employee benefits	5,336	4,780
	<u>5,336</u>	<u>4,780</u>
<b>Total provisions</b>	<u><u>51,225</u></u>	<u><u>50,750</u></u>

## Notes to the financial statements (continued)

### 15. Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

	2022 \$	2021 \$
484,525 Ordinary shares fully paid	484,525	484,525
	<u>484,525</u>	<u>484,525</u>

#### Movements in share capital

Fully paid ordinary shares:

At the beginning of the reporting period	484,525	484,525
Shares issued during the year	-	-
At the end of the reporting period	<u>484,525</u>	<u>484,525</u>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

#### Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends 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.

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

## Notes to the financial statements (continued)

### 16. Retained earnings

	<b>2022</b>	<b>2021</b>
	\$	\$
Balance at the beginning of the reporting period	326,563	276,474
Profit/(loss) after income tax	35,151	64,624
Dividends paid	-	(14,535)
Balance at the end of the reporting period	<u><u>361,714</u></u>	<u><u>326,563</u></u>

### 17. Dividends paid or provided for on ordinary shares

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Dividends paid for during the year</b>		
Fully franked ordinary dividend of 0 cents per share (2021: 3c) franked at the tax rate of 25% (2021: 26%).	-	14,535

### 18. Earnings per share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

	<b>2022</b>	<b>2021</b>
	\$	\$
Basic earnings per share (cents)	7.3	13.3
Earnings used in calculating basic earnings per share	35,151	64,624
Weighted average number of ordinary shares used in calculating basic earnings per share.	484,525	484,525

## Notes to the financial statements (continued)

### 19. Statement of cash flows

	2022 \$	2021 \$
<b>(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:</b>		
Cash and cash equivalents (Note 5)	156,109	153,105
As per the Statement of Cash Flow	<u>156,109</u>	<u>153,105</u>
<b>(b) Reconciliation of cash flow from operations with profit after income tax</b>		
Profit / (loss) after income tax	35,151	64,624
Non-cash flows in profit		
- Depreciation	22,612	32,707
- Amortisation	13,028	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(19,084)	6,684
- (increase) / decrease in prepayments and other assets	(56,544)	(1,268)
- (Increase) / decrease in deferred tax asset	4,093	10,274
- Increase / (decrease) in deferred tax liability	-	(7,047)
- Increase / (decrease) in trade and other payables	66,409	(131)
- Increase / (decrease) in current tax liability	(6,513)	12,791
- Increase / (decrease) in provisions	475	(449)
Net cash flows from / (used in) operating activities	<u>59,627</u>	<u>118,185</u>

### (c) Credit standby arrangement and loan facilities

The company has the option to establish a bank overdraft and commercial bill facility. This may be granted at any time at the option of the bank. At 30 June 2022, a bank overdraft was not yet established. Variable interest rates may apply to these overdraft and bill facilities.

### 20. Key management personnel and related party disclosures

#### (a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

#### (b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

## Notes to the financial statements (continued)

### 20. Key management personnel and related party disclosures (continued)

#### (c) Transactions with key management personnel and related parties

The Plantagenet Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be nil for the year ended 30 June 2022.

#### (d) Key management personnel shareholdings

The number of ordinary shares in Plantagenet Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2022	2021
John Howard	6,000	6,000
Leonard Handasyde	200	200
James Rhind	400	400
Elizabeth Van Zeyl	1,500	1,500
Grant Cooper	1,600	1,600
Natalie Vesey	-	-
Ben Broad – Retired 3/8/21	2,000	2,000
Shaun Higgins – Retired 5/10/21	-	-
Callum Gribble – Appointed 1/2/22	-	-
	<u>11,700</u>	<u>11,700</u>

Each share held has a paid up value of \$1 and is fully paid.

#### (e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

## Notes to the financial statements (continued)

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### 21. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

### 22. Contingent liabilities and contingent assets

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

### 23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Mount Barker, WA. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2021: 100%).

### 24. Company details

The registered office and principal place of business is 4 Short Street, Mount Barker.

### 25. Financial risk management

#### *Financial risk management policies*

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Due to the size of operations the full board acts as the Audit Committee.

#### *Specific financial risk exposure and management*

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies are as follows:

### 26. Fair value measurements

The company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e., unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

## Notes to the financial statements (continued)

### 26. Fair value measurements (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

#### (a) Fair value hierarchy

AASB 13: *Fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

#### Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

## Notes to the financial statements (continued)

### 26. Fair value measurements (continued)

- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	<b>30 June 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value measurements</b>				
<i>Non-financial assets</i>				
4 Henton Peak Heights	-	382,500	-	382,500
Total non-financial assets recognised at fair value on a recurring basis	-	382,500	-	382,500
	<b>30 June 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Recurring fair value measurements</b>				
<i>Non-financial assets</i>				
4 Henton Peak Heights	-	382,500	-	382,500
Total non-financial assets recognised at fair value on a recurring basis	-	382,500	-	382,500

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2021: no transfers).

## Notes to the financial statements (continued)

### 26. Fair value measurements (continued)

#### (b) Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30	Description of valuation techniques	Inputs used
	June 2022		
	\$		
4 Henton Peak Heights	382,500	Real estate agent evaluation	Market Approach

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

#### *Financial risk management policies*

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

#### *Specific financial risk exposure and management*

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies are as follows:

	Note	2022	2021
		\$	\$
<b>Financial assets</b>			
Cash and cash equivalents	5	156,109	153,105
Trade and other receivables	6	84,570	65,486
Financial assets	7	118	118
<b>Total financial assets</b>		<b>240,797</b>	<b>218,709</b>

## Notes to the financial statements (continued)

### 27. Financial risk management

	Note	2022 \$	2021 \$
<b>Financial liabilities</b>			
Trade and other payables	11	104,928	38,071
Borrowings	13	<u>16</u>	<u>44</u>
<b>Total financial liabilities</b>		<u><u>104,944</u></u>	<u><u>38,115</u></u>

#### (a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

#### *Credit risk exposures*

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2021: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

#### (b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

## Notes to the financial statements (continued)

### 27. Financial risk management (continued)

#### (b) Liquidity risk (continued)

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

<b>30 June 2022</b>	<b>Weighted average interest rate %</b>	<b>Total \$</b>	<b>Within 1 year \$</b>	<b>1 to 5 years \$</b>	<b>Over 5 years \$</b>
<b>Financial assets</b>					
Cash and cash equivalents	0.5%	156,109	156,109	-	-
Trade and other receivables	0%	84,570	84,570	-	-
Financial assets	0%	118	118	-	-
<b>Total anticipated inflows</b>		<u>240,797</u>	<u>240,797</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Trade and other payables	0%	104,928	104,928	-	-
Borrowings	3.74%	16	16	-	-
Bank overdraft *	0%	-	-	-	-
<b>Total expected outflows</b>		<u>104,944</u>	<u>104,944</u>	<u>-</u>	<u>-</u>
<b>Net inflow / (outflow) on financial instruments</b>		<u><u>135,853</u></u>	<u><u>135,853</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## Notes to the financial statements (continued)

### 27. Financial risk management (continued)

#### (b) Liquidity risk (continued)

30 June 2021	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
<b>Financial assets</b>					
Cash and cash equivalents	0.5%	153,105	153,105	-	-
Trade and other receivables	0%	65,486	65,486	-	-
Financial assets	0%	118	118	-	-
<b>Total anticipated inflows</b>		<u>218,709</u>	<u>218,709</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
Trade and other payables	0%	38,071	38,071	-	-
Borrowings	3.74%	44	44	-	-
Bank overdraft *	0%	-	-	-	-
<b>Total expected outflows</b>		<u>38,115</u>	<u>38,115</u>	<u>-</u>	<u>-</u>
<b>Net inflow / (outflow) on financial instruments</b>		<u><u>180,594</u></u>	<u><u>180,594</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

\* The Bank overdraft has no set repayment period and as such all has been included as current.

#### (c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings and cash and cash equivalents.

## Notes to the financial statements (continued)

### 27. Financial risk management (continued)

#### Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$	Equity \$
<b>Year ended 30 June 2022</b>		
+/- 1% in interest rates (interest income)	1,561	1,561
+/- 1% in interest rates (interest expense)	-	-
	<u>1,561</u>	<u>1,561</u>
<b>Year ended 30 June 2021</b>		
+/- 1% in interest rates (interest income)	1,531	1,531
+/- 1% in interest rates (interest expense)	-	-
	<u>1,531</u>	<u>1,531</u>

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The company has no exposure to fluctuations in foreign currency.

#### (d) Price risk

The company is not exposed to any material price risk.

#### Fair values

##### *Fair value estimation*

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

## Notes to the financial statements (continued)

### 27. Financial risk management (continued)

	2022		2021	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair Value \$
<b>Financial assets</b>				
Cash and cash equivalents (i)	156,109	156,109	153,105	153,105
Trade and other receivables (i)	84,570	84,570	65,486	65,486
Financial assets	118	118	118	118
<b>Total financial assets</b>	<b>240,797</b>	<b>240,797</b>	<b>218,709</b>	<b>218,709</b>
<b>Financial liabilities</b>				
Trade and other payables (i)	104,928	104,928	38,071	38,071
Borrowings	16	16	44	44
<b>Total financial liabilities</b>	<b>104,944</b>	<b>104,944</b>	<b>38,115</b>	<b>38,115</b>

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

# Directors' declaration

In accordance with a resolution of the Directors of Plantagenet Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 15 to 44 are in accordance with the Corporations Act 2001 and:
  - (i) Comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (ii) Give a true and fair view of the company's financial position as at 30 June 2022 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.



**John Howard**  
Chairman

Signed at Mount Barker on 6 September 2022

# Independent audit report

## INDEPENDENT AUDITOR'S REPORT

To: The Members of Plantagenet Community Financial Services Ltd

### Report on the Audit of the Financial Report

We have audited the accompanying financial report of Plantagenet Community Financial Services Ltd, which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Plantagenet Community Financial Services Ltd is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2022 and of its 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 (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and 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 to cease operations, or have no realistic alternative but to do so. The going concern basis of accounting is appropriate when it is reasonably foreseeable that the company will be able to meet its liabilities as they fall due.

The directors are responsible for overseeing the company's financial reporting process.

### Auditor's responsibilities for the audit of the financial report

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted an independent audit of the financial report in order to express an opinion on it to the members.

Our objective is 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. Misstatements 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 members taken on the basis of this financial report.



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LIABILITY LIMITED BY A SCHEME APPROVED UNDER PROFESSIONAL STANDARDS LEGISLATION  
Macleod Corporation Pty Ltd is a CPA practice

CERTIFIED PRACTISING ACCOUNTANTS



## Independent audit report (continued)

We have complied with the competency standards set by Australian Securities & Investments Commission (ASIC). Our audit has been conducted in accordance with Australian Auditing Standards. These standards require that we comply with relevant ethical requirements relating to audit engagements, and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free from material misstatement.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment 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 controls 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 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 the 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 the 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 the audit.



Paul Gilbert FCPA MBA  
Macleod Corporation Pty Ltd  
Unit 8, 76 Proudlove Parade, ALBANY WA 6330

Dated this 1st day of September 2022



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CERTIFIED PRACTISING ACCOUNTANTS

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