Port Sorell & Latrobe Community Enterprises Ltd

ABN: 71 161 238 231

Financial Statements

For the year ended

30th June 2022

Port Sorell & Latrobe Community Enterprises Ltd
Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2022.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Robert William Atkinson
Director/Treasurer/Secretary
Occupation: Chartered Accountant
Qualifications, experience and expertise: Fellow of Chartered Accountants Australia and New Zealand, past President of Institute of Chartered Accountants in Australia. Registered tax agent and previously SMSF auditor and company auditor. Owner of accountancy and manufacturing businesses. Previous member of the Banksia Facilities Management Committee and previous chair of the Camp Banksia Management Authority. Chair of Devonport and Central Coast Councils Shared Audit Panel.
Special responsibilities: Treasurer, Secretary, Chair of Board
Interest in shares: 5,001

Jennifer Margaret Donnelly
Director
Occupation: Day Spa Owner/Therapist
Qualifications, experience and expertise: Advanced Diploma of Business. Former CEO of Lifeline North West Tasmania for 7 years. Associate Diploma of Family Therapy Counselling and Diploma of Remedial Massage.
Special responsibilities: None
Interest in shares: 1,001

Catherine Therese Arnold
Director
Occupation: Business Proprietor
Qualifications, experience and expertise: Over 30 years experience in the operation of a printing business and 14 years involvement in vineyard establishment and cellar door operations. Past member of several tourism group committees.
Special responsibilities: None
Interest in Shares: 10,000

Dianne Sharni Radford
Director
Occupation: Agriculture Teacher & Farmer
Qualifications, experience and expertise: Currently Teacher, Trainer and Assessor in Agriculture and Agribusiness Management; Environmental Systems Facilitator; Director of family agricultural company. Previously proprietor of Rose Cottage Craft and Customer Service Supervisor with Westpac Bank. Education and Training include Cert IV in Training and Assessment, undertaking Bachelor of Education – Applied Learning, Diploma of Rural Business Management and Advanced Diploma in Agriculture. Committee involvements include member of North West Dressage Association of Tas, Past Chair of State Dressage Authority Tasmania and past member of Show Horse Council of Tasmania, Mersey Valley Pony Club, Pyrethrum Growers Committee, TAFE Agriculture Industry Reference Group, Moriarty Primary School and Cradle Coast Natural Resource Management Committee
Special responsibilities: Nil
Interest in shares: Nil

Directors *(continued)*

Caitlin Radford
Director
Occupation: Farmer and small business owner
Qualifications, experience and expertise: Fifth generation farmer, and dressage coach and rider; 2020 Tasmanian and Australian Apprentice of the Year; 2022 Tasmanian Young Farmer of the Year; Past President of North West Dressage Zone, Past President of North Motton Rural Youth Club, Rural Youth Member; Vice Chair of the Agfest Leadership Committee, E level dressage judge and qualified dressage coach. Completed Certificate III in Agriculture, Diploma of Equitation Science and currently undertaking a Diploma of Agribusiness.
Special responsibilities: Nil
Interest in shares: Nil

Ian Gough Waller
Director
Occupation: Tourism Adviser - Wing's Wilderness Park
Qualifications, experience and expertise: 30 years managing regional tourism in Tasmania, South Australia and Victoria. Winner of State and National awards for regional tourism organisations. Recipient of Life Membership of the Australian Regional Tourism Association and Premier's Award for Contribution to Tasmanian Tourism. Has run accommodation business jointly with wife and has trained and worked in the community welfare space. Former manager of Camp Banksia.

Company Secretary

The company secretary is Robert William Atkinson. Robert was appointed to the position of secretary on 24 April 2014.

Qualifications, experience and expertise: Rob is a Chartered Accountant with over 50 years experience in public practice. He is a past president of the Institute of Chartered Accountants in Australia, and has chaired audit panels and the boards of small and medium-sized organisations.

Principal Activities

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

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

Operating results

Operations have continued to perform in line with expectations. The loss of the company for the financial year after provision for income tax was:

Year ended 30 June 2022 $	Year ended 30 June 2021 $
(107,331)	(297,318)

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

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

Events since the end of the financial year

Subsequent to the end of the financial year, the company has concluded an agreement with Bendigo Bank to terminate its franchise agreement and re-domicile its customers to Bendigo Bank for a consideration of $695,000 which events occured on the 31 August 2022. The consideration has been used to release the company's existing debts, including its bank overdraft and, pursuant to a proposal for an equal capital reduction, make a cash payment to shareholders of $0.40 per share held.
Termination of the franchise agreement, re-domiciling of customers, receipt of the consideration, distribution of the company's cash, cancellation of issued shares and the subsequent deregistration of the company were approved by the company's shareholders at a General Meeting of shareholders held on the 28th July 2022.

Likely developments

The Company has ceased facilitating banking services in the Port Sorell and Latrobe communities. It is intended to proceed to the winding up of the Company's business affairs and arrange for its deregistration as soon as may be reasonably practicable,

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 20 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

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

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

Directors' Meetings

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

	Board Meetings	
	Eligible	Attended
Robert William Atkinson	10	10
Jennifer Margaret Donnelly	10	10
Catherine Therese Arnold	10	10
Dianne Sharni Radford	10	10
Caitlin Radford	10	10
Ian Gough Waller	10	8

Proceedings on behalf of the company

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

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

Non audit services

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

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5

Signed in accordance with a resolution of the board of directors at Port Sorell, Tasmania on 20th December 2022

Robert William Atkinson

Robert William Atkinson (Chairman)

Auditor's Independence Declaration

To the Directors of Port Sorell & Latrobe Community Enterprises Ltd

I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001*; and

(b) no contraventions of any applicable code of professional conduct

in relation to our audit for the year ended 30 June 2022.

Synectic Audit & Assurance Pty Ltd

Benjamin Coull
Director

Date: 21 December 2022

Port Sorell & Latrobe Community Enterprises Ltd
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2022

	Notes	2022 $	2021 $
Revenue from ordinary activities	4	248,997	266,012
Employee benefits expenses		(82,974)	(154,586)
Charitable donations, sponsorship, advertising and promotion		(1,350)	(5,610)
Occupancy and associated costs		(7,742)	(13,220)
Systems costs		(27,604)	(32,022)
Depreciation, amortisation and impairment loss	5	(161,872)	(41,202)
Finance costs	5	(10,275)	(10,411)
Bad debts	5	(17)	-
General administration expenses		(64,493)	(62,495)
Loss before income tax credit		**(107,331)**	**(53,534)**
Income tax (expense) / credit	6	-	(243,784)
Loss after income tax credit		**(107,331)**	**(297,318)**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**(107,331)**	**(297,318)**
Earnings per share		¢	¢
Basic earnings per share	22	(12.10)	(33.51)

The accompanying notes form part of these financial statements

Port Sorell & Latrobe Community Enterprises Ltd
Balance Sheet
as at 30 June 2022

	Notes	2022 $	2021 $
ASSETS			
Current assets			
Trade and other receivables	7	62,821	8,656
Total current assets		**62,821**	**8,656**
Non-current assets			
Property, plant and equipment	8	16,092	150,392
Right of use assets	9	28,443	50,254
Intangible assets	10	22,150	35,334
Deferred tax asset	11	-	-
Total non-current assets		**66,685**	**235,981**
Total assets		**129,507**	**244,636**
LIABILITIES			
Current liabilities			
Trade and other payables	12	41,122	20,940
Borrowings	13	331,430	322,552
Finance lease	14	16,987	15,617
Total current liabilities		**389,540**	**359,110**
Non-Current Liabilities			
Trade and other payables	12	9,830	24,574
Finance lease	14	20,956	44,440
Total Non-Current Liabilities		**30,786**	**69,014**
Total liabilities		**420,326**	**428,124**
Net assets		**(290,819)**	**(183,487)**
EQUITY			
Issued capital	15	848,286	848,286
Accumulated losses	16	(1,139,104)	(1,031,773)
Total equity		**(290,819)**	**(183,487)**

The accompanying notes form part of these financial statements

Statement of Changes in Equity

for the year ended 30 June 2022

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020	848,286	(734,455)	113,831
Total comprehensive income for the year	-	(297,318)	(297,318)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2021	**848,286**	**(1,031,773)**	**(183,487)**
Balance at 1 July 2021	848,286	(1,031,773)	(183,487)
Total comprehensive income for the year	-	(107,331)	(107,331)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2022	**848,286**	**(1,139,104)**	**(290,818)**

The accompanying notes form part of these financial statements

Port Sorell & Latrobe Community Enterprises Ltd
Statement of Cash Flows
for the year ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		284,302	297,725
Payments to suppliers and employees		(228,073)	(299,603)
Interest paid - borrowings		(6,965)	(5,999)
Lease payments (interest component)		(2,383)	(3,685)
Net cash used in operating activities	17	**46,880**	**(11,562)**
Cash flows from financing activities			
Lease payments (principal component)		(15,617)	(17,840)
Net cash used in financing activities		**(15,617)**	**(17,840)**
Cash flows from investing activities			
Payments for property, plant and equipment			
Payments in relation to franchise termination & re-domicile of customers		(25,397)	
Payments for intangible assets		(14,744)	(14,744)
Net cash used in investing activities		**(40,141)**	**(14,744)**
Net decrease in cash held		**(8,878)**	**(44,146)**
Cash and cash equivalents at the beginning of the financial year		(322,552)	(278,406)
Cash and cash equivalents at the end of the financial year	13(a)	**(331,430)**	**(322,552)**

The accompanying notes form part of these financial statements

Port Sorell & Latrobe Community Enterprises Ltd
Notes to the Financial Statements
for the year ended 30 June 2022

The financial report covers Port Sorell & Latrobe Community Enterprises Ltd as an individual entity. Port Sorell & Latrobe Community

The financial statements were authorised for issue, in accordance with a resolution of directors, on 21 December 2022. The directors have the power to amend and reissue the financial statements.

Note 1. Basis of preparation

The financial statements 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. The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* . These financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Note 2. Summary of significant accounting policies

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

(a) Going Concern

The net assets of the company as at 30 June 2022 were negative $290,819 and the loss before income tax for the year was $107,331. Accumulated losses were $1,139,104.

In addition:	$
Total assets were	129,507
Total liabilities were	420,326
Operating cash flows were	46,880

There was a $53,797 increase in the loss before income tax recorded for the financial year ended 30 June 2022 when compared to the prior year predominantly resulting from a $17,015 reduction in revenue from ordinary activities, an impairment loss of fixed assets of $125,133, offset by a $71,612 reduction in employee benefits expenses.

The company met its day to day working capital requirements through an overdraft facility. The overdraft had an approved limit of $360,000 and was drawn to $331,430 as at 30 June 2022.

The interest rate on the overdraft at the 30th June 2022 was 2.232% (2021: 2.03%) per annum. As a result $6,965 of interest expense was incurred during the 2022 financial year.

Subsequent to the end of the financial year, the company has concluded an agreement with Bendigo Bank to terminate its franchise agreement and re-domicile its customers to Bendigo Bank for a consideration of $695,000 which events occured on the 31 August 2022. The consideration has been used to release the company's existing debts, including its bank overdraft and, pursuant to a proposal for an equal capital reduction, make a cash payment to shareholders of $0.40 per share held.

After making enquiries and giving due consideration to the circumstances described above, the directors have a reasonable expectation that the company has adequate resources available to continue in operational existence for the reasonably foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(b) Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Note 2. Summary of significant accounting policies *(continued)*

(c) Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(d) Comparative figures

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

(e) Application of new and amended accounting standards

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

(f) Economic dependency - Bendigo and Adelaide Bank Limited

Prior to its termination on the 31 August 2022 the company was a party to a franchise agreement with Bendigo and Adelaide Bank Limited that governed the management of the **Community Bank** branch at Port Sorell and agency at Latrobe, Tasmania.

The branch operated as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company managed the **Community Bank** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank** branch were 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 were 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 involved creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, had to be approved by Bendigo and Adelaide Bank Limited. All credit transactions were made with Bendigo and Adelaide Bank Limited, and all credit products were products of Bendigo and Adelaide Bank Limited.

The company promoted and sold the products and services, but was not a party to the transactions.

The credit risk (i.e. the risk that a customer will not make repayments) was for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and had not inappropriately exercised a discretion in granting or extending credit. The company had received notice from Bendigo Bank that it was exposed to any shortfall arising from one loan made during the term of the franchise. This

During the term of the franchise agreement Bendigo and Adelaide Bank Limited provided assistance in establishing and maintaining the **Community Bank** branch franchise operations. It also provided ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation.

(g) *Revenue*

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

Interest income is recognised on an accrual basis using the effective interest rate method. The gain or loss on disposal of property, plant and equipment is recognised on a net basis. All revenue is stated net of the amount of Goods and Services Tax (GST).

Note 2. Summary of significant accounting policies *(continued)*

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company was dependent on the business that it generated. It may have also been affected by other factors, such as economic and local conditions, for example, interest rates.

Core banking products

Bendigo and Adelaide Bank Limited identified some Bendigo Bank Group products and services as 'core banking products'. It reserved the right to change the products and services which were identified as core banking products by giving the company at least 30 days notice. Core banking products included Bendigo Bank branded home loans, term deposits and at call deposits.

Margin

Margin was earned on all core banking products. A Funds Transfer Pricing (FTP) model was used for the method of calculation of the cost of funds, deposit return and margin.

Margin was determiined through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- *plus* any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit, minus any costs of alternative funds e.g. interest on overnight bank cash rates.

Products and services on which margin was paid included variable rate deposits and variable rate home loans.

Commission

Commission was a fee paid for products and services sold. It may have been paid on the initial sale or on an ongoing basis. Commission was payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions were paid included leasing, Rural Bank and Sandhurst Trustees Limited products.

Fee income

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

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited also made discretionary financial payments to the company. These were referred to by Bendigo and Adelaide Bank Limited as a “Market Development Fund” (MDF).

The amount was based on the volume of business attributed to a branch. The purpose of the discretionary payments was to assist with local market development activities, including community sponsorships and donations. The payments from Bendigo and Adelaide Bank Limited were discretionary.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank Limited could change the form and amount of financial return that the company received. The reasons it could make a change included changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change could have been to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This could have affecedt the amount of revenue the company received on a particular product or service. The effect of the change on the revenue earned by the company would have been entirely dependent on the change.

Note 2. Summary of significant accounting policies *(continued)*

Ability to change financial return (continued)

If Bendigo and Adelaide Bank Limited had made a change to the margin or commission on core banking products and services, it could not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributed to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there was no restriction on the change Bendigo and Adelaide Bank Limited could have made.

Bendigo and Adelaide Bank Limited would have had to give the company 30 days notice before it changed the products and services on which margin, commission or fee income was paid, the method of calculation of margin and the amount of margin, commission or fee income.

h) Income tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

With effect from the 30 June 2021 the entity determined that it was no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. As a consequence of this determination, the value of the deferred tax asset was reduced to nil.

i) Employee entitlements

The company had entered into an agreement with Bendigo & Adelaide Bank Limited for the provision of all employee services required in the operation of its franchise business. All employee entitlements including salaries, annual leave, sick leave, long service leave and workers' compensation claims were the responsibility of Bendigo & Adelaide Bank Limited as was the payment of any related employee costs such as payroll tax, superannuation contributions and workers' compensation insurance premiums. A monthly charge for the services provided was made to the company by Bendigo & Adelaide Bank Limited including actual salaries paid, appropriate surcharges for the other accrued entitlements and on-costs.

j) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, net of any outstanding bank overdraft. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

k) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

l) Property, plant and equipment

Plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property plant and equipment, including freehold buildings but excluding land. Depreciation on plant and equipment is calculated on a diminishing value basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

As at the 30 June 2022 the carrying values of all plant and equipment and leasehold improvements were written down by way of an impairment charge to a value representing the amount received on their disposal subsequent to the end of the financial year.

Note 2. Summary of significant accounting policies *(continued)*

m) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited was recorded at cost and was being amortised on a straight line basis over the life of the franchise agreement (5 years).

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement was also been recorded at cost and was being amortised on a straight line basis over the life of the extension to the franchise agreement. (5 years).

The cost of the franchise fee and the renewal processing fee were financed by Bendigo and Adelaide Bank Limited by the provision of a loan that was being paid off by equal instalments over the terms of the respective agreements. As at the 30 June 2022 it was agreed to forgo any outstanding instalments payable to Bendigo and Adelaide Bank Limited and hence upon the subsequent cancellation of the franchise agreement the unamortised franchise and renewal processing fees were cancelled by way of offset against the remaining instalments due.

n) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

o) Financial instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss where transaction costs are expensed to profit or loss immediately.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

(i) Financial liabilities

Financial liabilities include borrowings, trade and other payables and leasel liabilities. They are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial assets

Financial assets are initially measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Impairment

Impairment of financial assets is recognised on an expected credit loss (ECL) basis. Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Note 2. Summary of significant accounting policies *(continued)*

p) Leases

Leases of right of use assets (ROUA) where substantially all the risks and benefits incidental to the ownership of the ROUA, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

ROUA's are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. The company had no operating leases, nor has it received any lease incentives.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

As at 30 June the only right of use asset held was a lease of the premises then occupied by the company at Shop 3, 2-4 Club Drive, Shearwater, which lease was by agreement with the owner cancelled without penalty effective from 30 September 2022.

q) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions of other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

r) Issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

s) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

t) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from carried-forward tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Future income tax benefits arising from tax losses and timing differences are not recognised at the reporting date as realisation of the benefit is not regarded as probable in the short to medium term.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Port Sorell & Latrobe Community Enterprises Ltd
Notes to the Financial Statements
for the year ended 30 June 2022

Note 4. Revenue from ordinary activities	2022	2021
	$	$
Operating activities:		
- gross margin	146,952	160,799
- services commissions	37,644	43,818
- fee income	24,401	21,395
- market development fund	40,000	40,000
Total revenue from operating activities	248,997	266,012
Total revenues from ordinary activities	248,997	266,012

Note 5. Expenses		
Depreciation, amortisation and impairment of non-current assets:		
- plant and equipment		
- depreciation	7,064	7,858
- impairment loss	61,232	
- leasehold improvements		
- depreciation	2,104	1,793
- impairment loss	63,901	
- right of use asset		
- depreciation	20,102	20,798
- less adjustment from rent concession	(5,714)	(2,430)
	148,688	28,018
Amortisation of non-current assets:		
- franchise agreement	10,986	10,986
- renewal processing fee	2,197	2,197
	13,184	13,184
Total depreciation, amortisation and amortisation	161,872	41,202
Finance costs:		
- interest paid overdraft	6,965	5,999
- interest paid finance lease	2,710	3,812
- interest accrued make good	600	600
	10,275	10,411
Bad debts	17	-

Note 6. Income tax (expense) / credit	2022	2021
	$	$
The components of tax credit comprise:		
Current tax		
- Future income tax benefit attributable to taxable income	17,075	(3,056)
- Movement in deferred tax	(61)	242
- Adjustment to deferred tax to reflect change to tax rate in future periods	-	-
- Recoupment of prior year tax losses	-	-
- Under/(Over) provision of tax in the prior period	-	-
- Deferred tax assets not brought to account	(17,014)	2,814
- Previous period deferred tax asset written back	-	(243,784)
	0	(243,784)
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax credit as follows:		
Operating loss	(107,331)	(53,534)
Prima facie tax on loss from ordinary activities at 25% (2021: 26%)	(26,833)	(13,919)
Add tax effect of:		
- non-deductible expenses	3,296	3,436
- timing difference expenses	31,486	430
- reduction of cost base applicable to tax losses of prior years	9,126	13,109
Prima facie tax on current year taxable income at 25% (2021: 26%)	17,075	3,056
Movement in deferred tax - reduction of tax cost base	(61)	(242)
Movement in deferred tax - current year		
- Deferred tax assets not brought to account	(17,015)	2,814
Previous period deferred tax asset written back	-	(243,784)
	-	(240,970)

Future income tax benefits arising from tax losses and timing differences are not recognised at the reporting date as realisation of the benefit is not regarded as probable in the short to medium term.

Unrecognised future income tax benefit carried forward is:	(223,955)	(240,970)

Note 7. Trade and other receivables

	2022	2021
	$	$
Trade receivables	-	-
Prepayments	45,991	6,043
Other receivables and accruals	16,830	2,613
	62,821	8,656

Note 8. Property, plant and equipment

	2022	2021
Leasehold improvements		
At cost	84,145	84,145
Less accumulated depreciation and impairment	(80,235)	(14,231)
	3,909	69,914
Plant and equipment		
At cost	163,078	163,078
Less accumulated depreciation and impairment	(150,896)	(82,600)
	12,183	80,478
Total written down amount	16,092	150,392
Leasehold improvements		
Carrying amount at beginning	69,914	71,707
Additions	-	-
Disposals	-	-
Less: depreciation expense	(2,104)	(1,793)
impairment loss	(63,901)	-
Carrying amount at end	3,909	69,914
Plant and equipment		
Carrying amount at beginning	80,478	88,336
Additions	-	-
Disposals	-	-
Less: depreciation expense	(7,064)	(7,858)
impairment loss	(61,232)	-
Carrying amount at end	12,183	80,478
Total written down amount	16,092	150,392

Note 9. Right of Use Assets

Right of use assets relate to leased branch premises.

	2022	2021
Gross carrying amount		
Balance at 1 July 2019 on adoption of AASB 16	103,991	103,991
Adjustments arising from rent concessions	(9,180)	(3,483)
	94,811	100,508
Accumulated depreciation		
Carrying amount at beginning	50,254	31,197
Adjustment arising from rent concession	(3,988)	(1,742)
Depreciation	20,102	20,798
Balance at 30 June 2022	66,367	50,254
Net book value at 30 June 2022	28,443	50,254

Note 10. Intangible assets

	2022	2021
	$	$
Franchise fee		
At cost	10,987	10,987
Less: accumulated amortisation	(7,295)	(5,098)
	3,692	5,889
Renewal processing fee		
At cost	54,932	54,932
Less: accumulated amortisation	(36,474)	(25,487)
	18,458	29,445
Total written down amount	22,150	35,334

Note 11. Tax

Non-current:

	2022	2021
Deferred tax assets		
- accruals	1,218	977
- deferred expenses - right of use assets	2,532	2,712
- tax losses carried forward	220,205	237,281
	223,955	240,970
Deferred tax liability		
- accruals	-	-
- deductible prepayments	-	-
	-	-
Deferred tax asset not brought to account	223,955	240,970
Net deferred tax asset	-	-
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	-	243,784

Future income tax benefits arising from tax losses and timing differences are not recognised at the reporting date as realisation of the benefit is not regarded as probable in the short to medium term.

Note 12. Trade and other payables

Current:

	2022	2021
Trade creditors	20,116	1,212
Other creditors and accruals	21,007	19,728
	41,122	20,940

Non-Current:

	2022	2021
Other creditors and accruals	9,830	24,574

Note 13. Borrowings	2022	2021
	$	$
Current:		
Bank overdraft	331,430	322,552

The bank overdraft had an approved limit of $360,000 and was secured by a fixed and floating charge over the company's assets. Interest was charged according to the Business Solutions Non-Residential Security varying interest rate per agreement with Bendigo and Adelaide Bank Limited. The interest rate at 30 June 2022 was 2.232% (2021: 2.03%) per annum. The overdraft was fully discharged and security released on 31 August 2022 from the proceeds of sale and re-domiciling of the company's customers to Bendigo and Adelaide Bank Limited.

Note 13(a). Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2022	2021
Bank overdraft	331,430	322,552

Note 14. Finance lease

	2022	2021
Total liability	37,943	60,057
Current	16,987	15,617
Non current	20,956	44,440

Lease liability
Non-cancellable finance lease capitalised in the financial statements on the adoption of AASB

Payable:	Lease payments	Finance charges	Net Present Value	
within 1 year	18,000	1,013	16,987	15,617
1-2- years	9,000	143	8,857	21,538
2-3 years		-	-	11,403
3-4 years	-	-	-	-
4-5 years	-	-	-	-
more than 5 years	-	-	-	-
	27,000	1,155	25,845	48,559

The finance lease is a non-cancellable lease of premises occupied by the company which commenced on 1 Jan 2014. With effect from 1 January 2019 the company exercised its option to extend the lease for a further five-year term. By agreement between the owner and the Company with effect from 30 September 2022 the lease agreement has been cancelled and any obligations pursuant to the lease agreement beyond that date have been fully released.

Make good provision
Provision for costs at net present value of restitution on vacation of leased premises

Payable	2022	2021
1-2 years	12,099	11,498

Note 15. Issued capital

	2022	2021
	$	$
887,362 ordinary shares fully paid (2020: 887,362)	887,362	887,362
Less: equity raising expenses	(39,076)	(39,076)
	848,286	848,286

Rights attached to shares

(a) *Voting rights*

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

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

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

(b) *Dividends*

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

(c) *Transfer*

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 193. As at the date of this report, the company had 212 shareholders.

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

Note 15. Issued capital *(continued)*

Prohibited shareholding interest *(continued)*

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

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

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

Note 16. Accumulated losses

	2022	2021
	$	$
Balance at the beginning of the financial year	(1,031,773)	(734,455)
Net loss from ordinary activities after income tax	(107,331)	(297,318)
Balance at the end of the financial year	(1,139,104)	(1,031,773)

Note 17. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

	2022	2021
Loss from ordinary activities after income tax	(107,331)	(297,318)
Non cash items:		
- depreciation	29,269	30,448
- amortisation	13,184	13,184
- impairment loss	125,133	-
- interest on make good provision	600	600
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(14,248)	3,480
- (increase)/decrease in deferred tax asset	-	243,783
- increase/(decrease) in payables	5,661	(3,436)
- adjustment arising from rent concession	(5,388)	(2,303)
Net cash flows used in operating activities	46,880	(11,563)

Note 18. Auditor's remuneration

	2022	2021
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	3,500	5,300
- non audit services	-	-
	3,500	5,300

Note 19. Financial Risk Management

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Company's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and theCompany's activities.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The company has nigligible exposure to market risk.

Note 20. Director and related party disclosures

The names of directors who have held office during the financial year are:

Robert William Atkinson
Jennifer Margaret Donnelly
Catherine Therese Arnold
Caitlin Radford
Dianne Sharni Radford
Ian Gough Waller

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

Transactions with related parties:	2022	2021
	$	$
Director Robert Atkinson is principal of Beach Business & Financial Pty Ltd which provided the company with accounting, secretarial and bookkeeping services.	20,358	10,984
Director Catherine Arnold is part owner of a printing business which supplied the company with reports and brochures	683	526

Note 20. Director and related party disclosures *(continued)*	2022	2021
	$	$
Directors Shareholdings		
Robert William Atkinson	5,001	5,001
Jennifer Margaret Donnelly	1,001	1,001
Catherine Therese Arnold	10,000	10,000
Dianne Sharni Radford	-	-
Ian Gough Waller	-	-

There was no movement in directors shareholdings during the year.

Note 21. Key Management Personnel Disclosures

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

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

Note 22. Earnings per share

(a)	Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	$ (107,331)	$ (297,318)
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	887,362	887,362

Note 23. Events occurring after the reporting date

Subsequent to the end of the financial year, the company has concluded an agreement with Bendigo Bank to terminate its franchise agreement and re-domicile its customers to Bendigo Bank for a consideration of $695,000 which events occured on the 31 August 2022. The consideration has been used to release the company's existing debts, including its bank overdraft and, pursuant to a proposal for an equal capital reduction, make a cash payment to shareholders of $0.40 per share held.
Termination of the franchise agreement, re-domiciling of customers, receipt of the consideration, distribution of the company's cash,

Note 24. Contingent liabilities and contingent assets

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

Note 25. Segment reporting

The economic entity operated in the service sector where it facilitates **Community Bank®** services in Port Sorell and Latrobe, Tasmania pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered office/Principal place of business

The company is a for profit entity limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

44 Hawley Esplanade, Hawley Beach, Tasmania 7307

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		Over 5 years		Non interest bearing		Weighted average	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$	$	$	$	$	%	%
Financial assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Financial liabilities												
Interest bearing liabilities	331,430	322,552	-	-	-	-	-	-	-	-	2.03	2.10
Payables	-	-	-	-	-	-	-	-	20,116	1,212	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2020, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2022	2021
	$	$
Change in profit/(loss)		
Increase in interest rate by 1%	(3,314)	(3,226)
Decrease in interest rate by 1%	3,314	(3,226)
Change in equity		
Increase in interest rate by 1%	(3,314)	(3,226)
Decrease in interest rate by 1%	3,314	(3,226)

Port Sorell & Latrobe Community Enterprises Ltd
Directors' Declaration

In accordance with a resolution of the directors of Port Sorell & Latrobe Community Enterprises Ltd, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001* , including:

(i) giving a true and fair view of the company's financial position as at 30th June 2022 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.

Robert William Atkinson (Chairman)

Signed on the 21st of December 2022

Independent Auditor's Report

To the Members of Port Sorell & Latrobe Community Enterprises Ltd

Report on the Audit of the Financial Report

We have audited the financial report of Port Sorell & Latrobe Community Enterprises Ltd (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and 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.

Opinion

In our opinion the accompanying financial report of Port Sorell & Latrobe Community Enterprises Ltd is in accordance with the *Corporations Act 2001*, including:

(a) 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

(b) 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 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.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of management's 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.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Synectic Audit & Assurance Pty Ltd

Benjamin Coull
Director

Date: 21 December 2022