Annual Report 2022

Rosewood & District Financial Services Limited

Community Bank
Rosewood & District

ABN 62 115 218 472

Contents

Chairman's report

For year ending 30 June 2022

It gives me great pleasure to present my first report and the company's seventeenth Annual Report for Rosewood & District Financial Services Limited.

Well as we all know everyone is still living and working under the control of Covid-19, thankfully it has started to ease, but the Bank & Staff have had to continue to work under pressure due to illnesses.

We had a change in Branch Managers in December, with Michael Doherty resigning from the position to work in another field. We were very fortunate that we were able to find a replacement for the position prior to Michael leaving. Peter Groenenberg was chosen to fulfill the position of Branch Manager. Peter comes to us from Bendigo Corporate with a wealth of knowledge and is excited to be working for the Community Bank.

Peter & the staff have coped extremely well and should be congratulated for achieving the growth they have achieved over the past 12 months.
Our investment building at 26-28 John Street Rosewood, continues to show good returns.

On behalf of the Board, I would like to thank our wonderful staff. They have shown great strength during these times.

To my fellow board members, thank you for your continued support and all the support you give to help build our bank.

To our shareholders once again thank you for your support of the board and our bank.

Kind Regards

KmHillan

Kate Hillan
Chairperson

Manager's report

For year ending 30 June 2022

It is with great pleasure that I present my first Branch Manager's report for the Rosewood and District Community Bank.

I joined the Rosewood branch in December 2021 after having spent the last 22 years in the Ipswich region as a Branch Manager for Bendigo Bank.

We will all agree that the past 12 months have been far from typical with our region experiencing unprecedented weather events, the impact of Covid-19, slow global grow and increasing inflation.

We have also seen significant price rises in food, fuel and building costs, it has been a truly challenging 12 months for everyone.

In terms of the Branch results for the year ending 30 June 2022, we had a very strong year in regard to our performance.

Our Lending target was exceeded at 155% and our deposit target was exceeded at 167%. Our total footings grew by $10 million and once again due to this period still experiencing historically low interest rates, the increase in our footings has not translated into increased revenue for our Community Company. The later half of the 2022 financial year has seen a significant increase in both lending and deposit interest rates, and we should see a marked improvement in our revenue going forward.

A number of staff changes have also occurred during the last year. Previous Branch Manager Michael Doherty moved on to another role outside the bank, Heidi Pomery has joined the Lowood branch and Lara Muller has joined the team bringing years of experience with her. Bron Scott has also now joined the Mobile Lending team as a Mobile Relationship Manager for our region. Adrienne Holzapfel has been promoted to branch Customer Relationship Officer, and with all the recent staff changes, Dot King and Tracey Josey have both increased their working hours.

I would personally like to take this opportunity to thank the branch staff for their efforts and commitment over the past 12 months. I look forward to tackling the challenges and rewards ahead with the team.

The Rosewood and District Community Bank has invested almost $1.5 million into the local community and this figure continues to grow each year.

The support and work undertaken by our Board of Directors each year demonstrates the commitment and dedication they have for our local community. They volunteer their time each year to promote the region, the Rosewood and District Community Bank and also have a genuine interest in the growth of the region. We thank you all for your tireless efforts this past year.

In closing, we are all looking forward to enjoying some more community involvement, growing our footings, and enjoying the continued customer support.

Thank you to our shareholders and our customers for their support over the past year, without you the Rosewood and District Community Bank would not be able to continue to provide support to the local region.

Please consider the Rosewood and District Community Bank for all your banking needs.

Peter Groenenberg
Branch Manager
Rosewood and District Community Bank Branch

Directors' report

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

Directors

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

Name:	Kathleen Maree Hillan
Title:	Chair
Experience and expertise:	Systems Co-ordinator. Secretary of Rosewood Show Society, committee member of Ipswich Show Society, and holds a Cert III in Financial Services.
Special responsibilities:	Grants, Property Management and Sponsorship/Marketing and Publicity committees

Name:	Eirys Mabel Heit
Title:	Treasurer
Experience and expertise:	Former business person, 17 years Rosewood Newsagency and 6 years in own transport company. Treasurer of this board since inception. Member of Lions Club of Rosewood for 27 years and a Lions partner for 18 years before joining the club. Served two terms as President and numerous years as a Director. Served 4 years as Board Chairperson of Cabanda Care Inc. and also served a number of years on the Board. Spent 12 years on school P&C committees. Rosewood Citizen of the Year Award winner in 2011.
Special responsibilities:	Treasurer, budget and audit tasks

Name:	Erin Elizabeth Turner
Title:	Non-executive director
Experience and expertise:	Business Resource Officer. Studied Marketing, International Business and Accounting. Currently employed at the Ipswich City Council.
Special responsibilities:	Grants committee

Name:	Bruce Edward Richards
Title:	Non-executive director
Experience and expertise:	Paralegal/assistant Law Firm at present worked in the legal profession for 13 years, Bank employee with National Australia Bank for 19 years, current member of Rosewood Lions Club for 20 years, current member of Parrot Society of Australia for 33 years, office supervisor of retail organisation for 7 years. Bruce has also commenced working at the local Real Estate Agency and appointed as a director on the board of Cabanda Aged Care in October 2021.
Special responsibilities:	Audit and Governance, Policy and Risk committees

Name:	Lisa Lynette Blake
Title:	Non-executive director
Experience and expertise:	Lisa was the former Branch Manager of the Rosewood & District Community Bank Branch until 2017. Lisa has been employed with Bendigo and Adelaide Bank since 2011 and is currently an Assessment Ofificer (Adelaide Bank). Lisa holds a Certificate IV in Financial Services (Finance/Mortgage Broking).
Special responsibilities:	Grants, PR, Sponsorship/Marketing/Publicity and Property Management committees

Name:	Stuart Gregory Barrett
Title:	Non-executive director (appointed 26 October 2021)
Experience and expertise:	Owner of PRD Bremer Valley Real Estate and director for Bremer Property Group Pty Ltd.
Special responsibilities:	Nil

Name:	Penni Boughen
Title:	Non-executive director (resigned 24 January 2022)
Experience and expertise:	Business and IT Analyst. Business and IT Analyst with Master's degrees in both disciplines. Recently completed a Graduate Diploma of Applied Corporate Governance at the Governance Institute. Member of Rosewood Toastmasters.
Special responsibilities:	Company Secretary, Governance, Policy and Risk committees

Name:	Stuart Walton Bede Ross
Title:	Chair (resigned 26 August 2021)
Experience and expertise:	Real Estate Agent/Principal. Owner/manager of Bremer Valley Realty
Special responsibilities:	Sponsorship/Marketing/Publicity, Planning Day and Property Management committees

Name:	Brian Maxwell Nash
Title:	Non-executive director (resigned 11 July 2022)
Experience and expertise:	Paramedic - Officer in Charge Queensland Ambulance Service Rosewood, obtained Bachelor of Health, Emergency Health Services (QUT), Diploma of Applied Business, Associate Diploma of Applied Science, Diploma of Business, Australian Emergency Services Medal and Humanitarian Overseas Services Medal.
Special responsibilities:	Planning Day committee

Name:	Sonya Michelle Perkins
Title:	Non-executive director (appointed 25 November 2021 and resigned 11 July 2022)
Experience and expertise:	Property manager for Bremer Valley Realty and First National Action Realty.
Special responsibilities:	Nil

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

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

- Lisa Lynette Blake was appointed company secretary on 27 January 2022
- Eirys Mabel Heit was appointed as interim secretary on 24 January 2022 and ceased on 27 January 2022
- Penni Boughen was appointed as company secretary on 4 December 2014 and ceased on 24 January 2022

Principal activity
The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations
The profit for the company after providing for income tax amounted to $43,895 (30 June 2021: $16,309).

Operations have continued to perform in line with expectations.

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

	2022 $
Fully franked dividend of 2.5 cents per share (2021: 7 cents)	13,579

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company during the financial year.

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

Likely developments
The company will continue its policy of facilitating banking services to the community.

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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

	Board	
	Eligible	Attended
Kathleen Maree Hillan	13	11
Eirys Mabel Heit	13	13
Erin Elizabeth Turner	13	8
Bruce Edward Richards	13	13
Lisa Lynette Blake	13	13
Stuart Gregory Barrett	9	5
Penni Boughen	7	7
Stuart Walton Bede Ross	2	2
Brian Maxwell Nash	13	3
Sonya Michelle Perkins	9	4

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.

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

	Balance at the start of the year $	Changes $	Balance at the end of the year $
Kathleen Maree Hillan	501	-	501
Eirys Mabel Heit	7,501	-	7,501
Brian Maxwell Nash	1,001	-	1,001
Erin Elizabeth Turner	500	-	500
Penni Boughen	-	-	-
Bruce Edward Richards	-	-	-
Lisa Lynette Blake	500	-	500
Stuart Gregory Barrett	-	-	-
Sonya Michelle Perkins	-	-	-
Stuart Walton Bede Ross	2,001	-	2,001

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 27 to the accounts.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the directors

KMHillan

Kathleen Maree Hillan
Chair

29 August 2022

Bendigo Message

July 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

Justine Minne
Bendigo and Adelaide Bank

Auditor's independence declaration

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Rosewood & District Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 August 2022

Adrian Downing
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337

Financial statements

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

	Note	2022 $	2021 $
Revenue from contracts with customers	6	629,042	600,326
Other revenue	7	57,216	74,158
Finance revenue		150	499
Employee benefits expense	8	(394,803)	(403,363)
Advertising and marketing costs		(4,905)	(4,722)
Occupancy and associated costs		(30,121)	(24,379)
System costs		(17,813)	(18,958)
Depreciation and amortisation expense	8	(76,582)	(70,638)
Finance costs	8	(14,721)	(17,255)
General administration expenses		(69,870)	(73,363)
Profit before community contributions and income tax expense		77,593	62,305
Charitable donations and sponsorships expense		(16,814)	(37,462)
Profit before income tax expense		60,779	24,843
Income tax expense	9	(16,884)	(8,534)
Profit after income tax expense for the year	21	43,895	16,309
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		43,895	16,309
		Cents	**Cents**
Basic earnings per share	29	8.08	3.00
Diluted earnings per share	29	8.08	3.00

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

Financial statements *(continued)*

Balance Sheet
as at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	96,548	65,444
Trade and other receivables	11	37,274	25,783
Current tax assets	9	-	4,098
Total current assets		133,822	95,325
Non-current assets			
Investment properties	14	406,584	410,932
Property, plant and equipment	12	66,159	77,419
Right-of-use assets	13	186,403	218,389
Intangibles	15	57,629	77,298
Deferred tax assets	9	6,141	3,604
Total non-current assets		722,916	787,642
Total assets		856,738	882,967
Liabilities			
Current liabilities			
Trade and other payables	16	25,055	20,058
Borrowings	17	29,665	29,294
Lease liabilities	18	41,266	38,280
Current tax liabilities	9	11,394	-
Total current liabilities		107,380	87,632
Non-current liabilities			
Trade and other payables	16	29,856	44,785
Borrowings	17	54,737	81,549
Lease liabilities	18	173,566	209,048
Provisions	19	19,922	18,992
Total non-current liabilities		278,081	354,374
Total liabilities		385,461	442,006
Net assets		471,277	440,961
Equity			
Issued capital	20	522,995	522,995
Accumulated losses	21	(51,718)	(82,034)
Total equity		471,277	440,961

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

Financial statements *(continued)*

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2020		522,995	(60,322)	462,673
Profit after income tax expense		-	16,309	16,309
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	16,309	16,309
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(38,021)	(38,021)
Balance at 30 June 2021		522,995	(82,034)	440,961

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		522,995	(82,034)	440,961
Profit after income tax expense		-	43,895	43,895
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	43,895	43,895
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(13,579)	(13,579)
Balance at 30 June 2022		522,995	(51,718)	471,277

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

Financial statements *(continued)*

Statement of Cash Flows
for the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		742,131	743,919
Payments to suppliers and employees (inclusive of GST)		(599,470)	(626,536)
		142,661	117,383
Interest received		1,569	339
Interest and other finance costs paid		(2,753)	(3,749)
Income taxes paid		(3,929)	(21,898)
Net cash provided by operating activities	28	137,548	92,075
Cash flows from investing activities			
Payments for property, plant and equipment		(3,219)	(2,936)
Payments for intangibles		(13,571)	(13,571)
Net cash used in investing activities		(16,790)	(16,507)
Cash flows from financing activities			
Repayment of lease liabilities		(49,634)	(48,669)
Dividends paid	23	(13,579)	(38,021)
Repayment of borrowings	18	(26,441)	(55,544)
Net cash used in financing activities		(89,654)	(142,234)
Net increase/(decrease) in cash and cash equivalents		31,104	(66,666)
Cash and cash equivalents at the beginning of the financial year		65,444	132,110
Cash and cash equivalents at the end of the financial year	10	96,548	65,444

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

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 30A John Street, Rosewood QLD 4340.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or non-strategic assets that have been abandoned or sold will be written off or written down.

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

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

Note 5. Economic dependency

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

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

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

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

Note 5. Economic dependency (continued)

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	515,381	491,578
Fee income	50,738	56,365
Commission income	62,923	52,383
Revenue from contracts with customers	629,042	600,326

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2022 **$**	**2021** **$**
Market development fund	22,500	35,000
Rental income	34,716	39,158
Other revenue	57,216	74,158

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Note 7. Other revenue (continued)

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Rental income	Rental income from owned investment properties, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.

All revenue is stated net of the amount of GST.

Discretionary financial contributions
In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the Board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Buildings	4,348	4,348
Leasehold improvements	11,356	5,572
Plant and equipment	3,123	3,413
	18,827	13,333
Depreciation of right-of-use assets		
Leased land and buildings	38,086	37,367
Amortisation of intangible assets		
Franchise fee	2,152	2,197
Franchise renewal process fee	10,759	10,983
Domiciled customer accounts	6,758	6,758
	19,669	19,938
	76,582	70,638

Finance costs

	2022 $	2021 $
Bank loan interest paid or accrued	2,753	3,749
Lease interest expense	11,038	12,619
Unwinding of make-good provision	930	887
	14,721	17,255

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

Note 8. Expenses (continued)

Employee benefits expense

	2022 $	2021 $
Wages and salaries	323,223	327,351
Superannuation contributions	34,613	33,284
Expenses related to long service leave	(27)	6,577
Other expenses	36,994	36,151
	394,803	403,363

Accounting policy for employee benefits
Bendigo Bank seconds employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	6,712	6,644

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under AASB 16 accounting. Expenses relating to low-value exempt leases are included in system costs expenses.

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	19,421	11,133
Movement in deferred tax	(2,537)	(2,743)
Reduction in company tax rate	-	144
Aggregate income tax expense	16,884	8,534
Prima facie income tax reconciliation		
Profit before income tax expense	60,779	24,843
Tax at the statutory tax rate of 25% (2021: 26%)	15,195	6,459
Tax effect of:		
Non-deductible expenses	1,689	1,931
Reduction in company tax rate	-	144
Income tax expense	16,884	8,534

Note 9. Income tax (continued)

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(6,754)	(9,151)
Lease liabilities	53,708	61,832
Provision for lease make good	4,981	4,747
Accrued expenses	825	775
Income accruals	(18)	(2)
Right-of-use assets	(46,601)	(54,597)
Deferred tax asset	6,141	3,604

	2022 $	2021 $
Income tax refund due	-	4,098

	2022 $	2021 $
Provision for income tax	11,394	-

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	46,548	15,444
Term deposits	50,000	50,000
	96,548	65,444

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

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	30,345	17,480
Accrued income	71	1,490
Prepayments	6,858	6,813
	6,929	8,303
	37,274	25,783

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	171,020	169,685
Less: Accumulated depreciation	(116,668)	(105,313)
	54,352	64,372
Plant and equipment - at cost	57,089	60,190
Less: Accumulated depreciation	(45,282)	(47,143)
	11,807	13,047
	66,159	77,419

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2020	70,296	16,460	86,756
Additions	2,936	-	2,936
Disposals	(3,288)	-	(3,288)
Depreciation	(5,572)	(3,413)	(8,985)
Balance at 30 June 2021	64,372	13,047	77,419
Additions	1,336	1,883	3,219
Depreciation	(11,356)	(3,123)	(14,479)
Balance at 30 June 2022	54,352	11,807	66,159

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

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

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

Building	40 years
Leasehold improvements	6 to 40 years
Plant and equipment	2.5 to 40 years

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

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

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

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

The company's review of estimates resulted in changes in the useful life of some of the branch leasehold improvements. The useful life had previously been assessed as 40 years until December 2055. This is now expected to be 12 years until 31 March 2027. The effect of these changes on actual and expected depreciation expense was as follows:

	2022 $	**2023 $**	**2024 $**	**2025 $**	**2026+ $**
(Decrease) increase in depreciation expense	5,631	5,631	5,631	5,631	(22,542)

Note 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	389,050	382,950
Less: Accumulated depreciation	(202,647)	(164,561)
	186,403	218,389

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

	Land and buildings $	Total $
Balance at 1 July 2020	251,398	251,398
Remeasurement adjustments	4,358	4,358
Depreciation expense	(37,367)	(37,367)
Balance at 30 June 2021	218,389	218,389
Remeasurement adjustments	6,100	6,100
Depreciation expense	(38,086)	(38,086)
Balance at 30 June 2022	186,403	186,403

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

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

Refer to note 18 for more information on lease arrangements.

Note 14. Investment properties

	2022 $	2021 $
Investment property - at cost	453,936	453,936
Less: Accumulated depreciation	(47,352)	(43,004)
	406,584	410,932

Reconciliation
Reconciliation of the beginning and end of the current and previous financial year are set out below:

	2022 $	2021 $
Opening amount	410,932	415,280
Depreciation expense	(4,348)	(4,348)
Closing amount	406,584	410,932

Note 14. Investment properties (continued)

Accounting policy for investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the company. Investment properties are recognised at cost, less accumulated depreciation.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Note 15. Intangibles

	2022 $	2021 $
Domiciled customer accounts	33,790	33,790
Less: Accumulated amortisation	(20,274)	(13,516)
	13,516	20,274
Franchise fee	43,626	43,626
Less: Accumulated amortisation	(36,274)	(34,122)
	7,352	9,504
Franchise renewal fee	168,133	168,133
Less: Accumulated amortisation	(131,372)	(120,613)
	36,761	47,520
	57,629	77,298

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

	Domiciled customer accounts $	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	27,032	11,701	58,503	97,236
Amortisation expense	(6,758)	(2,197)	(10,983)	(19,938)
Balance at 30 June 2021	20,274	9,504	47,520	77,298
Amortisation expense	(6,758)	(2,152)	(10,759)	(19,669)
Balance at 30 June 2022	13,516	7,352	36,761	57,629

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	December 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2025
Domiciled customer accounts	Straight-line	5 years	June 2024

Note 15. Intangibles (continued)

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

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	1,589	639
Other payables and accruals	23,466	19,419
	25,055	20,058
Non-current liabilities		
Other payables and accruals	29,856	44,785

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

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

Note 17. Borrowings

	2022 $	2021 $
Current liabilities		
Bank loans	29,665	29,294
Non-current liabilities		
Bank loans	54,737	81,549

Bank loans
Bank loans are repayable monthly with the final instalment due on March 2025. Interest is recognised at rate of 3.09% (2021: 2.83%). The loans are secured by a fixed and floating charge over the company's assets.

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 18. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	50,658	49,294
Unexpired interest	(9,392)	(11,014)
	41,266	38,280
Non-current liabilities		
Land and buildings lease liabilities	189,966	234,146
Unexpired interest	(16,400)	(25,098)
	173,566	209,048

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	247,328	279,020
Remeasurement adjustments	6,100	4,358
Lease interest expense	11,038	12,619
Lease payments - total cash outflow	(49,634)	(48,669)
	214,832	247,328

Maturity analysis

	2022 $	2021 $
Not later than 12 months	50,658	49,294
Between 12 months and 5 years	189,966	197,174
Greater than 5 years	-	36,972
	240,624	283,440

Accounting policy for lease liabilities
Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

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

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

Note 18. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

branch premises	The lease agreement commenced in April 2017 for 5 years. A 5 year renewal option was exercise in April 2022. The company has no renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is March 2027. The discount rate used in calculations is 4.79%.

Remeasurement adjustments
During the financial year the monthly rent amount for the Branch increased due to new lease agreement**.** As such an adjustment was required for the remeasurement of the lease liability and right-of-use asset.

Note 19. Provisions

	2022 $	2021 $
Lease make good	19,922	18,992

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $25,000 for the Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on March 2027 at which time it is expected the face-value costs to restore the premises will fall due.

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

Note 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	543,160	543,160	543,160	543,160
Less: Equity raising costs	-	-	(20,165)	(20,165)
	543,160	543,160	522,995	522,995

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

Rights attached to issued capital

Note 20. Issued capital (continued)

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

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

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

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

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

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

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

In summary, a person has a prohibited shareholding interest if 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").

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

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

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

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

Note 21. Accumulated losses

	2022 $	2021 $
Accumulated losses at the beginning of the financial year	(82,034)	(60,322)
Profit after income tax expense for the year	43,895	16,309
Dividends paid (note 23)	(13,579)	(38,021)
Accumulated losses at the end of the financial year	(51,718)	(82,034)

Note 22. Capital management

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

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

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

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

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

Note 23. Dividends

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

	2022 $	2021 $
Fully franked dividend of 2.5 cents per share (2021: 7 cents)	13,579	38,021

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	26,646	18,107
Franking credits (debits) arising from income taxes paid (refunded)	3,929	21,898
Franking debits from the payment of franked distributions	(4,526)	(13,359)
	26,049	26,646
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	26,049	26,646
Franking credits (debits) that will arise from payment (refund) of income tax	11,394	(4,098)
Franking credits available for future reporting periods	37,443	22,548

Note 23. Dividends (continued)

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends
Dividends are recognised in the financial year they are declared.

Note 24. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	30,416	18,970
Cash and cash equivalents	96,548	65,444
	126,964	84,414
Financial liabilities		
Trade and other payables	54,911	64,843
Lease liabilities	214,832	247,328
Bank loans	84,402	110,843
	354,145	423,014

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

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

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

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

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

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

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

Note 24. Financial instruments (continued)

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

The company held cash and cash equivalents of $96,548 at 30 June 2022 (2021: $65,444). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2022 Weighted average interest rate %	**2022** Balance $	**2021** Weighted average interest rate %	**2021** Balance $
Bank loans	3.09%	84,402	2.83%	110,843
Net exposure to cash flow interest rate risk		84,402		110,843

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

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

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	29,665	54,737	-	84,402
Trade and other payables	25,055	29,856	-	54,911
Lease liabilities	50,658	189,966	-	240,624
Total non-derivatives	105,378	274,559	-	379,937

Note 24. Financial instruments (continued)

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Bank loans	29,294	81,549	-	110,843
Trade and other payables	20,058	44,785	-	64,843
Lease liabilities	49,294	197,174	36,972	283,440
Total non-derivatives	98,646	323,508	36,972	459,126

Note 25. Key management personnel disclosures

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

Kathleen Maree Hillan
Erin Elizabeth Turner
Lisa Lynette Blake
Penni Boughen
Brian Maxwell Nash
Eirys Mabel Heit
Bruce Edward Richards
Stuart Gregory Barrett
Stuart Walton Bede Ross
Sonya Michelle Perkins

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 26. Related party transactions

The following transactions occurred with related parties:

	2022 $	2021 $
Stuart Ross is the owner of the real estate business which provided property management services for the branch premises	2,191	2,300
Penni Boughen is a part owner in an electrical company that provided electrical maintenance services to the branch premises	1,382	1,767

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

Note 27. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	600	600
General advisory services	1,700	1,990
Share registry services	3,870	3,073
	6,170	5,663
	11,370	10,663

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	43,895	16,309
Adjustments for:		
Depreciation and amortisation	76,582	70,638
Net loss on disposal of non-current assets	-	3,288
Lease liabilities interest	11,038	12,619
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(11,491)	8,715
Decrease in income tax refund due	4,098	-
Increase in deferred tax assets	(2,537)	(6,696)
Increase/(decrease) in trade and other payables	3,639	(7,018)
Increase/(decrease) in provision for income tax	11,394	(6,667)
Increase in other provisions	930	887
Net cash provided by operating activities	137,548	92,075

Note 29. Earnings per share

	2022 $	2021 $
Profit after income tax	43,895	16,309
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	543,160	543,160
Weighted average number of ordinary shares used in calculating diluted earnings per share	543,160	543,160

Note 29. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	8.08	3.00
Diluted earnings per share	8.08	3.00

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

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

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

On behalf of the directors

KMHillan

Kathleen Maree Hillan
Chair

29 August 2022

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

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

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

In our opinion, the accompanying financial report of Rosewood & District Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

AFS
Partners in success
Chartered Accountants

61 Bull Street
Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Other Information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

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

61 Bull Street
Bendigo VIC 3550
afs@afsbendigo.com.au
03 5443 0344

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 August 2022

Adrian Downing
Lead Auditor

Notes

Community Bank · Rosewood & District
30A John Street,
Rosewood QLD 4340
Phone: 07 5464 2503 Fax: 07 5464 2504
Email: rosewoodmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/rosewood

Franchisee: Rosewood & District Financial Services Limited
ABN: 62 115 218 472
30A John Street,
Rosewood QLD 4340
Phone: 07 5464 2503 Fax: 07 5464 2504

Share Registry:
AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 03 5443 0344
Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_1497044 10/09/2020