Annual Report 2022

Strathmore Community Services Limited

Community Bank
Strathmore

ABN 84 096 122 459

Contents

Chairman’s report

For year ending 30 June 2022

It is with great pleasure that I, as your Chairman, am able to again present you with the Strathmore Community Services Limited Annual Report – this edition for the year ended 30 June 2022.

Our year began with our community and services again operating within the challenges of the pandemic. With restricted movements and both health and financial concerns the banking sector and its customers had a slow start to the financial year. However, it has been pleasing to see community activities and events beginning to resume since late spring – creating a much more positive banking environment and improved community spirit. The consequences of the pandemic have continued to appear in many forms throughout the year, through supply issues, healthcare pressures and economic uncertainty – and so with this in mind we are very pleased with our overall financial performance for the year.

Our strong performance has enabled us to again distribute a high level of donations to our community, this year giving back over $410,000 to sports clubs, charities and other organisations. We continue to see many of these clubs providing ongoing support and new business to our branch and ultimately to you, our shareholders, creating a number of very constructive and successful partnerships.

We again focused on expense management during the year as we continued to prioritise our repayments regarding the recent building purchases and renovations. We have made excellent progress in this regard and now have the financial pressures of this arrangement easing somewhat in the new financial year.

Throughout the challenges of the pandemic we have remained open on all days (including Saturdays) and continue to have a dedicated of team of friendly and knowledgeable staff, led by David Porter. During this time, we farewelled Cohan Waters but have also been able to welcome a number of new staff members to the team including Lisa Hurrey and Hannah Robinson who have been delivering fantastic customer service for the last few months.

Aaron Hawkins continues to bring a strong level of new business to the branch, leveraging the local opportunities presented by the high volume of resident construction and refinancing of business. Aaron continues to be valuable asset to the team and has exceeded bank targets this year.

As a Board we wish to again express our gratitude to David Porter, Aaron Hawkins, and all the staff for continuing to provide exceptional service to our clients and for their ongoing dedication and patience while working through the pandemic and its enduring challenges.

The Board itself remained unchanged during the year, with all Directors re-elected and continuing to work diligently in their voluntary roles with exemplary levels of commitment. Our Administration Assistant Lisa Garay however left us mid-year and we thank her for her years of services and assistance in keeping the Board and office running smoothly. We welcome on board Cathi Draper who has replaced her in this role since March.

In relation to sponsorships, we have again continued to support the Royal Children’s Hospital Foundation, Caroline Chisholm and the Walter & Eliza Hall Institute of Medical Research Scholarship Program as part of our prioritized donations. Supporting organisations such as the Walter & Eliza Hall Institute could not be more important in light of the current pandemic challenges. These critical collaborations between universities, hospitals and clinicians bring us closer to solving global medical issues such as immune health and cancer. We are proud to annually support a small team of medical researchers pursuing these goals.

With community activities opening up, it was also wonderful to be able to take our shareholders on a tour of our renovated buildings in mid May as part of our Shareholder Open Afternoon. These events provide us with an opportunity to connect with you, our shareholders, highlight our operations and goals and answer any questions or concerns you may have. We are also very pleased to be able to again host the annual Christmas Shareholder Dinner to be held at Windy Hill on 1 December and we look forward to reacquainting ourselves with as many shareholders as possible.

Chairman's report (continued)

In all, we would like to again thank our shareholders and customers for their continued support. We strongly encourage you to continue to support Community Bank Strathmore and to encourage your family and friends to do the same by banking with us.

I'd also like to convey my heartfelt thanks to my fellow Directors for their commitment, expertise and professionalism in ensuring that the company runs smoothly and economically. Also, a big thank you to Cathi Draper, our Administration Assistant, who has eased quickly into the role and is proving a valuable support to the corporate team.

Finally, as I write this we have just passed our 21st birthday as the Community Bank Strathmore and I could not be more proud of what the company has achieved in these 21 years.

Thank you to all who have been with us during these times, many of you from those first days of making pledges and showing your support, and for your continued investment in our operations. Strathmore is a remarkable community and it is an honour to be part of such a strong and supportive customer and shareholder base – together we are able to operate a financial institution that values true customer service, community activities and infrastructure and is able to help so many of those less fortunate than ourselves.

Happy 21st birthday and well done to everyone involved!

Peter J Brown, JP
Chairman

Manager's report

For year ending 30 June 2022

I am pleased to be able to present my sixth Annual Report for Community Bank Strathmore and for the year ending 30 June 2022.

As we come out of the pandemic and its restrictions you could be thinking that we are back to normality, however there were still challenges we faced daily with staff and family illness and subsequent isolation days leaving the branch with lower than normal staffing. It's a credit to the staff with the resilience they have shown to not only keep our high level of customer service but to also achieve a strong financial performance.

The new financial year will bring a new set of challenges with the interest rates rising fast and high and whilst this may affect our loan customers adversely it does have some benefits to our investors and deposit customers. With the rates rising the competition has also risen and customers have become more price sensitive.

The performance of the branch over the past 12 months has been very good. We have achieved strong growth again with our total footings surpassing $400 million for the first time, a significant milestone. Following is a snapshot of the year.

Total footings at the start of the financial year	$371,346,280
Lending growth	$19,992,400
Deposit growth	$20,030,568
Total footings 30 June 2022	$411,369,248

Our staffing continues to be stable with only Cohan Waters leaving us and we wish him well for the future. We welcomed Hannah Robinson and Lisa Hurrey to our branch, and for those that have been in the branch since they started you would know the enthusiasm and smiles that these two ladies bring to us each day. Jodie Exintaris returned to the branch following maternity leave and she has been a great asset to the branch.

On behalf of the branch team we would like to thank the Board of Directors for their support, time and efforts in helping us make and continue to have Community Bank Strathmore one of the most successful Community Bank branches in the country and its important to note that in July we turned 21.

We would like to thank our shareholders for their support and contribution to the local community.

David Porter
Branch Manager

Secretary's report

For year ending 30 June 2022

As we watch the pandemic continue to create challenges both economically and personally, we are pleased to have maintained another successful year at Community Bank Strathmore.

In celebration of our 21st birthday, which occurred conveniently on 21 July, we are delighted to announce a 21 cent dividend as a thank you for the ongoing support offered by our shareholders.

The staff have settled well into our new renovated premises and we are pleased with our financial progress in making repayments on these costs. It was lovely to be able to showcase the new site with our shareholders earlier this year.

At the end of June 2022, we have invested back into our community over $11 million dollars. In the 2021/22 financial year just over $410,000 was invested back into the community as grants, sponsorships and donations. It is your continued support of our branch that enables us to create so many fantastic outcomes for those less fortunate in the community and to improve the facilities and infrastructure of so many local clubs and organisations. We do however continue to prioritise those sponsorships that create a positive business partnership with us and we encourage other organisations to follow this model.

We are again very grateful for the professionalism and excellent level of customer service offered by our branch staff during the year, as led by David and Aaron. To have achieved such a financially successful year despite the ongoing challenges is a credit to the team and we acknowledge their immense efforts.

Enclosed is a Proxy Form. We ask if this could be filled out and returned by the due date if you are not attending the Annual General Meeting of Strathmore Community Services Limited.

Please note, it is the responsibility of shareholders to notify the Secretary of any changes relating to their shareholding. This includes changes of address, banking details or change of shareholders. The requirements to process these changes by hard copy have been recently strengthened and now require certified identification. Please contact us at the corporate office on 9379 3042 or admin@strathmore3041.com.au if you need any assistance.

Alternatively, we encourage you to register for and use the online system that is available via our Share Registry, RSD Registry, where you can make these changes directly, including:

- Checking your shareholding balance
- Updating your address details
- Advising or updating your banking details for direct payment of dividends
- Accessing your dividend distribution summaries and holding statements.

To create your online access please provide RSD registry with your email address and they will send you an invitation to register for the online access. Please email Dianne Brooks of RSD at shares@rsdregistry.com.au or call Dianne on 03 5445 4222 if you have any queries.

We thank you again for your continued support,

Phil Lusher
Director/ Company Secretary

Directors' report

For the financial year ended 30 June 2022

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

Directors

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

Brown - Peter, JP

(Appointed 18/10/2005)

Skills and expertise	Retired Newsagent with experience in management and law. Former Vice President of the Australian Federal Police Association.
Special responsibilities	Chairperson

Clements - Glenn

(Appointed 11/03/2014)

Skills and expertise	Manager with 30 years experience in sales, marketing, importing, promotions and Staff management.
Special responsibilities	Liasion with Community Partners & Marketing

Lusher - Phillip

(Appointed 11/03/2014)

Skills and expertise	Government Accounting and extensive management experience, legal preparation and analytical research.
Special responsibilities	Company Secretary

Osborne - Kerri

(Appointed 13/05/2009)

Skills and expertise	Education Consultant with experience as a Primary School Teacher, followed by many years as an Education Consultant/Teacher and Store management.
Special responsibilities	Grants & Sponsorship Co-ordinator/Director

Jarvis - Rohan

(Appointed 29/07/2020)

Skills and expertise	Company Director of Engineering Consultancy specialising in land development and subdivisions, both residential and commercial / industrial developments with over 25 years of experience.
Special responsibilities	Treasurer

Directors (continued)

Attendances by each Director during the year were as follows:

	Board meetings		Audit committee meetings	
Director	A	B	A	B
Brown - Peter	12	10	0	0
Clements - Glenn	12	11	0	0
Jarvis - Rohan	12	10	N/A	N/A
Lusher - Phillip	12	12	0	0
Osborne - Kerri	12	12	N/A	N/A

A - The number of meetings eligible to attend.
B - The number of meetings attended.
N/A - not a member of that committee.

Company Secretary

Phil Lusher was appointed as the Company Secretary on 3 December, 2019.

Phil's qualifications and experience include working for a government agency gaining extensive management experience whilst understanding legal requirements and obtaining extensive analytical skills.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $220,612 (2021 profit: $136,563), which is a increase as compared with the previous year of $82,618. Donations and Sponsorships for the year were $414,109 (2021: $443,291).

As detailed at Note 1 to the financial statements, the financial position and performance of the company as at 30 June 2022 has not been significantly impacted by the ongoing COVID 19 pandemic.

During the financial year the company renewed the franchise agreement with Bendigo and Adelaide Bank.

Subsequent to year-end, the cash holdings of the company have continued to improve in line with the forecast increase in operating performance and as a result of reduced servicing of financial liabilities associated with the capital works undertaken on buildings owned by the company.

Dividends

Dividends paid or declared since the start of the financial year.

A fully franked final dividend of 20 cents per share was declared and paid during 2022 for the year ended 30 June 2021.

A fully franked final dividend of 21 cents has been proposed, with potential payment in November, 2022 from prior years profits.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

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

Signed in accordance with a resolution of the Board of Directors at Strathmore on 19th September, 2022.

Peter Brown
Director

Auditor's independence declaration

McBain
McCartin & Co

Chartered Accountants
Audit & Assurance Services

PO Box 82 Balwyn
Victoria, Australia 3103
ABN 26 028 714 960

STRATHMORE COMMUNITY SERVICES LIMITED
ABN: 84 096 122 459

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C
OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF STRATHMORE COMMUNITY SERVICES LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Strathmore Community Services Limited. As the lead audit partner for the audit of the financial report of Strathmore Community Services Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

I. The auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

II. Any applicable code of professional conduct in relation to the audit.

Mcbain McCartin & Co.

McBain McCartin & Co.

Simon Aukstin
Partner

1st Floor 123 Whitehorse Road
Balwyn, Victoria 3103

Dated this 13th day of September 2022

Liability limited by a scheme approved under Professional Standards Legislation

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Financial statements

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

	Notes	2022 $	2021 $
Revenue	2	2,014,458	2,013,802
Expenses			
Employee benefits expense	3	(862,903)	(901,358)
Depreciation and amortisation expense	3	(67,434)	(65,368)
Finance costs	3	(51,227)	(57,710)
Bad and doubtful debts expense	3	(2,268)	(70)
Occupancy expenses		(22,596)	(65,923)
IT costs		(43,917)	(55,957)
Marketing expenses		(38,292)	(6,137)
Loss on Disposal of Fixed Assets		(970)	(6,792)
Other expenses		(234,915)	(249,717)
Operating profit before charitable donations and sponsorships		**689,936**	**604,770**
Charitable donations, grants and sponsorships expense		(414,109)	(443,291)
Profit before income tax		**275,827**	**161,479**
Income tax expense/(Income)	4	55,215	24,916
Profit for the year		**220,612**	**136,563**
Other comprehensive income		-	-
Total comprehensive income for the year		**220,612**	**136,563**
Profit attributable to members of the company		220,612	136,563
Total comprehensive income attributable to members of the company		**220,612**	**136,563**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share		45.04	27.87

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at ended 30 June 2022

	Notes	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	5	45,982	334,813
Trade and other receivables	6	228,575	234,435
Other assets	7	5,030	11,379
Total current assets		**279,587**	**580,627**
Non-current assets			
Property, plant and equipment	8	3,852,957	3,896,311
Intangible assets	9	68,772	-
Deferred tax assets	4	22,196	21,596
Total non-current assets		**3,943,925**	**3,917,907**
Total assets		**4,223,512**	**4,498,534**
Liabilities			
Current liabilities			
Trade and other payables	10	558,241	124,998
Provisions	12	80,851	727,840
Total current liabilities		**639,092**	**852,838**
Non-current liabilities			
Borrowings	11	1,287,779	1,459,551
Provisions	12	29,896	32,797
Deferred tax liability	4	30,889	39,031
Total non-current liabilities		**1,348,564**	**1,531,379**
Total liabilities		**1,987,657**	**2,384,217**
Net assets		**2,235,855**	**2,114,317**
Equity			
Issued capital	13	490,010	490,010
Retained earnings	14	1,745,845	1,624,307
Total equity		**2,235,855**	**2,114,317**

The accompanying notes form part of these financial statements.

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

	Notes	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		490,010	1,526,945	2,016,955
Total comprehensive income for the year		-	136,563	136,563
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	-	(39,201)	(39,201)
Balance at 30 June 2021		**490,010**	**1,624,307**	**2,114,317**
Balance at 1 July 2021		490,010	1,624,307	2,114,317
Total comprehensive income for the year		-	220,612	220,612
Transactions with owners, in their capacity as owners				
Dividends paid or provided	23	-	(98,002)	(98,002)
Prior period adjustment	1(w)		(1,072)	(1,072)
Balance at 30 June 2022		**490,010**	**1,745,845**	**2,235,855**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		1,964,639	2,076,313
Payments to suppliers and employees		(1,841,975)	(999,986)
Dividends received			
Interest paid		(50,983)	(57,968)
Income Tax Refunded / (Paid)		3,083	(120,115)
Net cash provided by operating activities	**15b**	**74,764**	**898,244**
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,132)	(695,067)
Purchase of intangible assets		(84,689)	-
Net cash flows (used in) investing activities		**(93,821)**	**(695,067)**
Cash flows from financing activities			
Repayment of borrowings		(171,772)	(215,812)
Dividends paid		(98,002)	(39,201)
Net cash (used in) financing activities		**(269,774)**	**(255,013)**
Net (decrease)/increase in cash held		**(288,831)**	**(51,836)**
Cash and cash equivalents at beginning of financial year		334,813	386,649
Cash and cash equivalents at end of financial year	**15a**	**45,982**	**334,813**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2022

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

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

The financial statements were authorised for issue by the Directors on 19th September, 2022.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and interpretations of the Australian Accounting Standards Board. Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar unless otherwise stated.

Coronavirus

The ongoing COVID 19 global pandemic continues to create significant social and economic uncertainty. As at 30 June 2022 the company continues to be well positioned to navigate these challenges through its established recurrent commission income, well established brand and strong balance sheet. There is no identified impairment issues or additional provisioning required as a result of the pandemic as at 30 June 2022, nor significant estimates or judgements that have needed to be made.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at Strathmore, VIC.

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

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

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

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;

1. Summary of significant accounting policies (continued)

- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

(c) Fair value of assets and liabilities

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

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

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

(d) Property, plant and equipment

Property, plant and equipment is measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present. (refer to Note 1(f) for details of impairment).

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

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

1. Summary of significant accounting policies (continued)

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets but excluding freehold land , is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	Rate	Method
Buildings	2.50%	SL
Fixtures & Fittings	6.70%	SL
Plant and equipment	13-17%	SL
Motor vehicles	25.00%	DV

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

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

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

(e) Leases

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying assets whichever is the shortest.

(f) Impairment of assets

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generaring unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

1. Summary of significant accounting policies (continued)

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

(h) Employee benefits

Short-term employee benefits

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

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

The Company’s obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Company’s obligations for employees’ annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees’ long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future cash outflows to be made by the entity in respect of services provided by employees up to the reporting date. Interest Rates attaching, as at the reporting date, to corporate bonds that have maturity dates the approximate the terms of the obligations are used to discount the estimated future cash flows to their present value. Any premeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(i) Intangible assets

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

(j) Cash and cash equivalents

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

(k) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts. Revenue comprises service commissions and other income, and is recognised by the company when the right to receive the income has occurred.

A receivable will be recognised when the service is rendered. The Company’s right to consideration is deemed unconditional at this time as only the passage of time is required before payment of the consideration is due. There is no significant financing component because sales are made within a credit term of 30 to 45 days.

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

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

1. Summary of significant accounting policies (continued)

(l) Financial Instruments

Initial recognition and measurement

Financial assets and liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

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", in which case transaction costs are expensed to profit and loss immediately.

Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at :

- amortised cost : or
- Fair value through profit and loss.

A Financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 applies:
- held for trading; or
- initially designated as at fair value through profit and loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss

on the basis of the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions :

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit and loss.

Derecognition

Derecognition refers to the removal of previously recognised financial asset or financial liability from the statement of financial position.

1. Summary of significant accounting policies (continued)

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset :

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the company no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The company recognises a loss allowance for expected losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;

Expected credit losses 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, all discounted at the original effective interest rate of the financial instrument.

The company used the simplified approach to impairment, as applicable under AASB 9.

Simplified approach

The Company uses the Simplified approach to impairment as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk in every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach applicable to Trade receivables

In measuring the expected credit loss, consideration of various data is undertaken to get an expected credit loss (ie diversity of its customer base, appropriate consideration of its historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the company recognised the movement (if any) in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

(m) Trade and other receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Not 1(l) for further discussion on the determination of impairment losses.

(n) Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at cost using the effective interest method.

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

1. Summary of significant accounting policies (continued)

(o) Borrowings

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

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

(p) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(q) Contributed equity

Ordinary shares are classified as equity.

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

(r) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year, but not distributed at balance date.

(s) Comparative figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(t) Earnings per share

Basic earnings per share

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

(u) New accounting standards adopted and for application in future periods

No new accounting standard has a material effect on the company financial statements.

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

The company has decided not to early adopt any of the new and amended pronouncements and the directors have determined that none are expected to have a future material impact on the financial statements of the company.

(v) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

1. Summary of significant accounting policies (continued)

Employee benefits provision

As discussed in Note 1 (h), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Income tax

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

Impairment

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

(w) Prior period adjustment

During the year, the company reviewed the historical dividends paid and noted a cumulative variance to that disclosed in the financial statement by $1,072. This resulted in a retrospective adjustment of $1,072 to the retained earnings of the company . As the retrospective adjustment had no material impact to the operating result, restatement to prior period results is not required.

	2022 $	2021 $

2. Revenue

Revenue		
- services commissions	2,014,458	1,961,907
	2,014,458	**1,961,907**
Other revenue		
- Telecommunications Tower Rent Received (a)	-	51,845
- Wage Re-imbursements	-	50
	-	**51,895**
Total revenue	**2,014,458**	**2,013,802**

(a) Significant revenue item		
During the 2021 financial year the entity settled a long running matter with the previous Telecommunications Tower leasee resulting in a final settlement.	-	51,845

3. Expenses

Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	807,573	849,533
- superannuation costs	55,330	51,825
	862,903	**901,358**

	2022 $	2021 $

3. Expenses (continued)

Depreciation and amortisation		
Depreciation		
-buildings	25,000	25,000
- plant and equipment	9,250	12,599
- leasehold improvements	17,267	20,238
	51,517	**57,837**
Amortisation		
- franchise fees	15,917	7,531
	15,917	**7,531**
Total depreciation and amortisation	**67,434**	**65,368**
Finance costs		
- Interest paid	51,227	57,710
Bad and doubtful debts expenses	2,268	70
Share registry services	2,860	4,549
Rental expense operating lease		
- short term lease payments	-	36,774
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	9,750	9,000
Other expenses		
- Donation and Sponsorship expense recovery	-	(1,150)

4. Income tax

a. Prima facie tax payable

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 25.0% (2021: 26.0%)	68,957	41,985
Add/(subtract) tax effect of:		
- Non-deductible items	58	2,315
- Other	(13,800)	(19,384)
Income tax attributable to the entity	**55,215**	**24,916**
The applicable weighted average effective tax rate is	20%	15%

b. Deferred tax asset

Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Provisions	22,196	21,596
	22,196	**21,596**
Net deferred tax asset	**22,196**	**21,596**

	2022 $	2021 $

4. Income tax (continued)

	2022 $	2021 $
c. Deferred tax asset movement		
Opening balance	21,596	15,940
(Charge)/Credit to income	600	5,656
Closing balance	**22,196**	**21,596**

Deferred tax assets are not recognised until it is probable there will be future taxable profits as disclosed in note 1(b).

	2022 $	2021 $
d. Deferred Tax Liability		
Deferred tax liability related to the following :		
Deferred tax liability balance comprises		
Accelerated depreciation for tax purposes	30,889	39,031
	30,889	**39,031**

	2022 $	2021 $
e. Deferred tax liability movement		
Opening Balance	39,031	52,134
(Charge)/Credit to income	(8,142)	(13,103)
	30,889	**39,031**

	2022 $	2021 $
f. The components of tax expenses (income) comprise		
- Current Tax Expenses	63,957	43,675
- Deferred tax expense (income)	(8,742)	(18,759)
	55,215	**24,916**

5. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	45,982	334,813
	45,982	**334,813**

6. Trade and other receivables

	2022 $	2021 $
Current		
Trade Receivables	228,575	173,774
Other Receivables	-	60,661
	228,575	**234,435**

Credit risk

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

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

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

6. Trade and other receivables (continued)

			Past due but not impaired			
	Gross amount $	Not past due $	< 30 days $	31-60 days $	> 60 days $	Past due and impaired $
2022						
Trade receivables	228,575	228,575	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	**228,575**	**228,575**	**-**	**-**	**-**	**-**
2021						
Trade receivables	173,774	173,774	-	-	-	-
Other receivables	68,841	68,841		-	-	-
Total	**242,615**	**242,615**	**-**	**-**	**-**	**-**

	2022 $	2021 $
7. Other assets		
Prepayments and Sundry Debtors	3,080	9,429
Security Bond	1,950	1,950
	5,030	**11,379**
8. Plant and equipment		
Freehold Land & Buildings		
At cost - Land	1,250,561	1,250,561
At cost - Buildings	2,593,352	2,585,067
Less accumulated depreciation	(114,521)	(89,521)
	3,729,392	**3,746,107**
Fixtures & Fittings		
At cost	418,660	418,660
Less accumulated depreciation	(320,650)	(303,383)
	98,010	**115,277**
Motor vehicle		
At cost	42,979	42,979
Less accumulated depreciation	(19,168)	(11,231)
	23,811	**31,748**
Plant and equipment		
At cost	37,170	89,671
Less accumulated depreciation	(35,426)	(86,492)
	1,744	**3,179**
Total plant and equipment	**3,852,957**	**3,896,311**

	2022 $	2021 $

8. Plant and equipment (continued)

Movements in carrying amounts		
Freehold Land and Buildings		
Balance at the beginning of the reporting period	3,746,107	3,076,040
Additions	8,285	695,067
Depreciation expense	(25,000)	(25,000)
Balance at the end of the reporting period	**3,729,392**	**3,746,107**
Fixtures & Fittings		
Balance at the beginning of the reporting period	115,277	142,225
Disposals	-	(6,792)
Depreciation expense	(17,267)	(20,156)
Balance at the end of the reporting period	**98,010**	**115,277**
Motor vehicle		
Balance at the beginning of the reporting period	31,748	42,331
Depreciation expense	(7,937)	(10,583)
Balance at the end of the reporting period	**23,811**	**31,748**
Plant and equipment		
Balance at the beginning of the reporting period	3,179	5,277
Additions/(Disposals)	(122)	-
Depreciation expense	(1,313)	(2,098)
Balance at the end of the reporting period	**1,744**	**3,179**

Total plant and equipment		
Balance at the beginning of the reporting period	3,896,311	3,265,873
Additions/(Disposals)	8,163	688,275
Depreciation expense	(51,517)	(57,837)
Balance at the end of the reporting period	**3,852,957**	**3,896,311**

9. Intangible assets

Franchise fee		
At cost	84,689	56,484
Less accumulated amortisation	(15,917)	(56,484)
	68,772	**-**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	-	7,531
Addition for Renewal of Franchise Agreement	84,689	-
Amortisation expense	(15,917)	(7,531)
Balance at the end of the reporting period	**68,772**	**-**

	2022 $	2021 $

10. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	34,701	32,109
Other creditors and accruals	523,540	92,889
	558,241	**124,998**

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

No interest is payable on outstanding payables during this period.

11. Borrowings

Non-current		
Secured liabilities		
Bank loans	1,287,779	1,459,551
	1,287,779	**1,459,551**

(a) Bank Loan

The bank loans are secured by a first registered mortgage over the freehold land and buildings owned by the company. The loans have a term of 10 years and at a variable interest rate with monthly repayment of Principal and interest required to be made.

12. Provisions

Current		
Income tax payable	21,965	-
Construction Costs	-	677,577
Employee benefits	58,886	50,263
	80,851	**727,840**
Non-current		
Employee benefits	**29,896**	**32,797**
Total provisions	**110,747**	**760,637**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(h).

	2022 $	2021 $
13. Share capital		
490,010 Ordinary shares fully paid	490,010	490,010
	490,010	**490,010**
(a) Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	490,010	490,010
At the end of the reporting period	**490,010**	**490,010**

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

(b) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:

  (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

  (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

	2022 $	2021 $
14. Retained earnings		
Balance at the beginning of the reporting period	1,624,307	1,526,945
Profit after income tax	220,612	136,563
Dividends paid	(98,002)	(39,201)
Prior period adjustment	(1,072)	-
Balance at the end of the reporting period	**1,745,845**	**1,624,307**

	2022 $	2021 $

15. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	45,982	334,813
As per the Statement of Cash Flow	**45,982**	**334,813**

(b) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	220,612	136,563
Non-cash flows in profit		
- Depreciation	51,517	57,837
- Amortisation	15,917	7,531
- Loss on Disposal of Fixed Assets	970	6,792
- Prior period adjustment	(1,072)	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	5,860	27,222
- (Increase) / decrease in prepayments and other assets	6,349	(5,190)
- (Increase) / decrease in deferred tax asset	(600)	(5,656)
- Increase / (decrease) in trade and other payables	433,243	25,439
- Increase / (decrease) in deferred tax liability	(8,142)	(13,103)
- Increase / (decrease) in provisions	(649,890)	660,809
Net cash flows used in operating activities	**74,764**	**898,244**

16. Earnings per share

Basic earnings per share (cents)	45.03	27.87
Earnings used in calculating basic earnings per share	220,612	136,563
Weighted average number of ordinary shares used in calculating basic earnings per share.	490,010	490,010

17. Key management personnel and related party disclosures

(a) Key management personnel

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

No remuneration was paid to key management personnel of the company during the year.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

During the year, the company made no purchases of goods and services from related parties.

17. Key management personnel and related party disclosures (continued)

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

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

(d) Key management personnel shareholdings

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

	2022	2021
Brown - Peter	850	2,000
Clements - Glenn	3,500	8,500
Jarvis - Rohan	-	5,000
Lusher - Phillip	-	-
Osborne - Kerri	250	250

There was movement in key management personnel shareholdings during the year due to a correction in the interpretation of Shareholder control. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

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

18. Events after the reporting period

The company subsequent to year end is in the process of arranging a repayment facility to settle the new franchise fees. The total facility sought will be for a total of $84,689.

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

19. Contingent liabilities and contingent assets

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

20. Operating segments

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

21. Commitments

Operating lease commitments

There are no non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

The company has no other lease commitments.

22. Company details

The registered office and principle place of business is: 337 Napier Street, Strathmore VIC 3041

	2022 $	2021 $

23. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 20 cents per share (2021: $0.08) franked at the tax rate of 25.0% (2021: 26%).	98,002	39,201
a fully franked dividend of 21 cents has been declared and will be paid in November 2022 from prior year profits.		
The amount of franking credits available for subsequent distribution		
Balance of the end of the reporting period	544,227	579,977

24. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function provided by the franchisor, Bendigo and Adelaide Bank Limited.

Specific financial risk exposure and management

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

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 9 Financial Instruments as detailed in the accounting policies are as follows:

	Note	2022 $	2021 $
Financial assets			
At amortised cost:			
Cash and cash equivalents	5	45,982	334,813
Trade and other receivables	6	228,575	234,435
Other Assets	7	5,030	11,379
Total financial assets		**279,587**	**580,627**
Financial liabilities			
At amortised cost:			
Trade and other payables	10	558,241	124,998
Borrowings	11	1,287,779	1,459,551
Total financial liabilities		**1,846,020**	**1,584,549**

(a) Credit risk

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

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

24. Financial risk management (continued)

Credit risk exposures

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

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

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

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

(b) Liquidity risk

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

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

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

Financial liability and financial asset maturity analysis:

	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
30 June 2022					
Financial assets					
Cash and cash equivalents	0%	45,982	45,982	-	-
Trade and other receivables	0%	228,575	228,575	-	-
Total anticipated inflows		**274,557**	**274,557**	**-**	**-**
Financial liabilities					
Trade and other payables	0%	558,242	558,242	-	-
Borrowings	4.82%	1,287,779	290,349	997,430	-
Total expected outflows		**1,846,022**	**848,591**	**997,430**	**-**
Net inflow / (outflow) on financial instruments		**(1,571,465)**	**(574,034)**	**(997,430)**	**-**
30 June 2021					
Financial assets					
Cash and cash equivalents	0%	334,813	334,813	-	-
Trade and other receivables	0%	234,435	234,435	-	-
Total anticipated inflows		**569,248**	**569,248**	**-**	**-**
Financial liabilities					
Trade and other payables	0%	124,998	124,998	-	-
Borrowings	3.67%	1,459,551	290,349	1,161,396	7,806
Total expected outflows		**1,584,549**	**415,347**	**1,161,396**	**7,806**
Net inflow / (outflow) on financial instruments		**(1,015,301)**	**153,901**	**(1,161,396)**	**(7,806)**

24. Financial risk management (continued)

(c) Market risk

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

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

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

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2022		
+/- 1% in interest rates (interest income)	460	460
+/- 1% in interest rates (interest expense)	(12,878)	(12,878)
	(12,418)	**(12,418)**
Year ended 30 June 2021		
+/- 1% in interest rates (interest income)	3,348	3,348
+/- 1% in interest rates (interest expense)	(14,596)	(14,596)
	(11,248)	**(11,248)**

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

(e) Fair values

Fair values (estimation)

The directors and management believe the financial assets and liabilities are a reasonable approximation of their fair values at 30 June 2022. There are no indications of impairment on any financial asset disclosed in the financial report.

Directors' declaration

For the financial year ended 30 June 2022

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

1. The financial statements and notes, as set out on pages 5 to 32 are in accordance with the *Corporations Act 2001* and:
   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   (ii) give a true and fair view of the company's financial position as at 30 June 2022 and of the performance for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Peter Brown
Director

Signed at Strathmore on 19th September, 2022.

Independent audit report

McBain McCartin & Co

Chartered Accountants
Audit & Assurance Services

PO Box 82 Balwyn
Victoria, Australia 3103
ABN 26 028 714 960

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STRATHMORE COMMUNITY SERVICES LIMITED

ABN: 84 096 122 459

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strathmore Community Services Limited, which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies, and the directors' declaration.

In our opinion:

the accompanying financial report of Strathmore Community 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 then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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 it 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a. 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.

b. 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.

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

Auditor's Responsibilities for the Audit of the Financial Report *(Cont'd)*

d. 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.

e. 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.

f. Obtain sufficient appropriate audit evidence regarding the financial information or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

Chartered Accountants

Level 1, 123 Whitehorse Road

BALWYN VIC 3103

Dated this 21st day of September 2022

Liability limited by a scheme approved under Professional Standards Legislation

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Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_24926053 02/08/2022