



Annual Report 2022

Trafalgar & District Financial
Services Limited

Community Bank
Trafalgar & District

ABN 86 102 573 222

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Chairman's report

For year ending 30 June 2022



The Board has also been able to approve over \$100,000 in sponsorships, donations and community grants to benefit and support various organisations within our community. We continue to support young people through the provision of tertiary scholarships, having committed \$4,000 to support students this year.

I am pleased to be able to present the Annual Report for Trafalgar & District Financial Services Limited (TDFS). Despite the impact of COVID-19, Community Bank Trafalgar & District has continued to perform exceptionally well. However, COVID-19 did result in many interruptions affecting opening hours for the branch as staff worked through their own and their families' experiences. We thank our customers for their understanding and patience during this period.

The easing of pandemic restrictions saw us back face-to-face with customers and the community. It also enabled us to connect further with the community by attending events and setting in place a sponsorship round. Connections are important in supporting the work that we do both through the branch in servicing the needs of customers and the Board in its decision making around community investment and that will provide broader support to our entire catchment.

A priority of the Board this year was the development of a new strategic plan which will guide our strategic ambitions for the next five years. Our mission will be operating a successful Community Bank branch that provides our community with customer focused, local banking services and plays a key role in contributing to the prosperity of our community. I look forward to updating you on our progress against our objectives in the next report.

Under the leadership of Branch Manager Torina Johnston, our staff have consistently delivered a high-level of customer service and the ability to identify the right products to match the needs of clients. The Branch Manager's report details the achievements of Community Bank Trafalgar & District.

As well as the efforts of staff, the support of customers and shareholders has delivered exceptional results. It is my pleasure to announce to shareholders that we will pay a fully franked dividend of 10c per share in this year which will be paid on 30 November 2022. The Board has also been able to approve over \$100,000 in sponsorships, donations and community grants to benefit and support various organisations within our community. We continue to support young people through the provision of tertiary scholarships, having committed \$4,000 to support students this year.

The past year has been one of change to faces within the branch. As some long serving staff moved on to other career choices, we welcomed a new team and an adjustment of how our work is done to meet the needs of contemporary banking that is driven by our customers. I take this opportunity to thank all staff past and present for their commitment and high-level of customer service. I particularly acknowledge Torina for her leadership in managing an ongoing period of change.

I make special mention of Rosie our Company Secretary as her support and high-level governance knowledge has been of immense support to the Board and myself in particular. Thank you Rosie for your patience and willingness. You are valued.

Chairman's report (continued)

We value working with Bendigo and Adelaide Bank who are one of Australia's largest retail banks, often voted the most trusted and with whom we partner to continue to improve the customer service experience. We particularly thank Kendall Beattie and Gerry Marvin, former and current Regional Managers for East Gippsland, for the support they have given to me, the Board and Torina as we worked through a challenging year.

Last, but certainly not least, I thank my fellow Board Directors for their ongoing support and commitment to the values and objectives of TDFS. It has been a year of change which brings challenge as we review our governance and decision-making practices.

As we move into a new year the Board continue to consider opportunities to support the broader community of Trafalgar and district. We are committed to a refurbishment of the branch, to continue with an annual sponsorship round and grants such as the student scholarship program.

We look forward to delivering on our purpose; to contribute to the growth of a prosperous community by being our community's bank of choice.



Christine Holland
Board Chairman

Manager's report

For year ending 30 June 2022



We are very proud of the results that Community Bank Trafalgar & District has achieved in its 18 years of operation. Through our endeavours we have managed to invest over \$1.7 million dollars back into our community so far.

It is with pleasure that I present my second financial report as Branch Manager for the year ending 30 June 2022 on behalf of Community Bank Trafalgar & District.

Over the past 12 months we have continued to see positive growth in the business, some great impact in the community, albeit with some continued challenges post COVID-19.

We ended the year with the branch increasing its balance sheet by \$12.862 million to finish the year with an overall balance of \$192.942 million of funds under management. This is a fantastic result given the challenging and competitive market that we continue to operate under.

Community Bank Trafalgar & District continues to achieve strong and positive growth numbers across a number of different metrics. Our Lending book grew by \$2.841 million to a total of \$79.992 million, deposits grew by \$10.732 million to a total of \$105.841 million and we continued to see strong improvements in new customer numbers and accounts being opened.



Manager's report (continued)

I am very proud of the work that the team have contributed to drive these results. Our staff have continued to step-up, work through unexpected absences and they have continued to do this with great enthusiasm. I would like to thank Gavin Duffy (Customer Relationship Manager), Bec Schena (Customer Relationship Officer), Shantelle Webb, Tegan West and Lara Noske (Customer Service Officers) for the terrific results and dedication that they have each shown.

I also extend my thanks to our Board Chair Christine Holland and the Board of Directors who continue to volunteer their time to ensure that Trafalgar & District Financial Services Limited remains strong. They do this with minimal acknowledgement, and they need to be commended for their ongoing leadership, support and commitment that they provide to the company and the Community Bank.

We are very proud of the results that Community Bank Trafalgar & District has achieved in its 18 years of operation. Through our endeavours we have managed to invest over \$1.7 million dollars back into our community so far. The strength of Community Bank Trafalgar & District is built on the back of the support provided by our customers, local businesses, community groups and shareholders and I thank every one of you for your ongoing support.

Over the past 12 months I am very proud to report that we were supporters of the following clubs and organisations in our catchment area:

Trafalgar Bowls Club	Trafalgar Playgroup
Trafalgar Junior Football Club	Trafalgar/Thorpdale RSL
Yarragon Junior Football Club	Thorpdale Football/Netball Club
Baw Baw Sustainability Network	Trafalgar Boxing Gym
Thorpdale Recreation Reserve	Trafalgar Mens Shed
Yarragon Bowling Club	HECI Tanjil Valley Art Show.
Hill End Mechanics Reserve Committee of Management	

To ensure our continued success in the years to come, we encourage our shareholders, community sponsorship and grant recipients, friends, families and neighbours to consider moving their banking to Community Bank Trafalgar & District.

The support that Community Bank Trafalgar & District provides to our community is a great reason to bring your everyday banking, lending, and superannuation business across to us. We also stand by our outstanding customer service and the extensive range of competitive Bendigo Bank products that are available. The Trafalgar team and I would love to show you how easy it can be to change to a bank you can feel proud of and where your banking can contribute to the growth and prosperity of your community.

On behalf of Community Bank Trafalgar & District, we hope to welcome you in branch soon and look forward to another successful year ahead.

Torina Johnston
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,



Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2022

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

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

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

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

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

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

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

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

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

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

Warm regards



Sarah Franklyn
CBNC Chair

Audit and Risk Committee report

For year ending 30 June 2022

The Audit and Risk Committee met on four occasions during the 2021-22 financial year to assist the Board to review:

- Financial reports and other financial information produced by Trafalgar & District Financial Services Limited (TDFS)
- Internal control systems and processes for legal and regulatory compliance such as policies and procedures
- Auditing and reporting processes
- Exposure to risk and the management of that risk.

A focus of the Committee has been to undertake a comprehensive review of the TDFS risk management framework and to advise the Board on the effectiveness of company risks relating to governance and compliance; economic and external factors; profile and community; information and technology; people, safety and culture; finance; and branch operations.

The Committee evaluated the risk register to identify risks that have the potential to hinder the strategic objectives and developed an action plan to manage their potential adverse effects. Risks will continue to be reviewed by the committee at each meeting to assist the Board to grow and maintain a strong risk culture.

RSD Registry, a part of Lead Advisory Services P/L continues to manage our Low Volume Market share registry, and this has continued to work well. The service provided by RSD Registry to TDFS shareholders and the TDFS Board has allowed for efficient and professional provision of services regarding the Low Volume Market share registry.

If you would like to register for the purchase, sale or transfer of TDFS shares, please contact shares@rsdregistry.com.au or phone 03 5445 4222. RSD Registry has a portal available which allows shareholders to access information regarding the shareholding such as tax statements and share listings, and dividend statements.

As at 30 June 2022, there were 309 shareholders with a total of 532,850 shares.

Matthew Steendam (Committee Chair), Anthony Staley, Debbie Di Sisto, Wayne Vernon and Geoff Conway
Board Audit and Risk Committee

Community Investment Committee report

For year ending 30 June 2022

The Community Investment Committee seeks to grow the business by raising brand awareness, educating our communities on the benefits of Community Banking and building relationships and engagement between the branch and local community.

In 2021-22 the committee has provided advice and guidance to the Board on:

- Effective and effectual marketing and advertising
- An appropriate governance framework (i.e. policies, procedures) for marketing, advertising, and community investment
- Awarding and managing sponsorships, community grants, scholarships and youth projects

Community Contribution

A primary focus of the committee was to develop and operationalise a Community Investment Program with the purpose of communicating 'Our Story' and increasing understanding of the Community Bank model, whilst supporting community development and growing our customer base.

Sponsorship applications submitted to the Community Investment Program were assessed by the committee to identify a financial or mutually beneficial return and measured against target markets, objectives, stakeholder benefits, values alignment, feasibility and marketing opportunities.

The Board supported forty contributions to the local community made up of donations, vouchers, school awards and sponsorships over the year.

The Board continued to encourage students in tertiary studies, awarding \$2,000 per year for three years to Riley White and Anneka Pellett to support their undergraduate bachelor degrees. Community Bank Trafalgar & District's Scholarship Program will re-open for applications in 2022-23.

Grants 2021-22	
Charitable Donation - WGHG – Andrews House	\$ 10,000.00
Student Scholarships	\$ 8,000.00
Grand total	\$ 18,000.00

Sponsorship 2021-22	
Baw Baw Sustainability Network	\$ 2,069.70
Hill End Mechanics Institute Hall Committee of Management	\$ 5,000.00
Sundry Donations	\$ 1,798.16
Tanjil Valley Art Show	\$ 2,500.00
Thorpdale Football & Netball Club	\$ 5,137.00
Trafalgar & District Probus	\$ 600.00

Community Investment Committee report (continued)

Trafalgar Bowls Club	\$ 7,199.00
Trafalgar Boxing Gym	\$ 4,843.00
Trafalgar High School	\$ 1,500.00
Trafalgar Holden Museum	\$ 30,000.00
Trafalgar Junior Football Club	\$ 2,970.00
Trafalgar Men's Shed	\$ 2,768.20
Trafalgar Play Group	\$ 1,131.90
Trafalgar Thorpdale RSL	\$ 2,884.00
Yarragon Bowling Club	\$ 1,980.00
Bendigo Bank Charity Golf Day - WGHG & Warragul Specialist School	\$ 1,000.00
Thorpdale Recreation Reserve	\$ 8,349.00
Yarragon Junior Football Club	\$ 4,118.00
Grand total	\$ 85,847.96

Community Investment Coordinator

The Board was thrilled to appoint Debbie Di Sisto to the new role of Community Investment Coordinator at the end of 2021.

Debbie was instrumental in the success of the new Community Investment Program, assisting the committee and the Board to develop the application and reporting framework, promote the Community Bank through an increased social media presence, producing promotional material, administering sponsorship and grant applications, and leading community information sessions and awards nights.

**David Balfour (Committee Chair), David Jacovou, Debbie Litkowski and
Debbie Di Sisto (Community Investment Coordinator)
Community Investment Committee**

Directors' report

For the financial year ended 30 June 2022

The Directors present their report on the Company for the financial year ending 30 June 2022.

1. The directors in office at any time during or since the end of the year are:

Christine Holland Board Chair

Christine was appointed Director on 1 March 2018, Deputy Chair on 15 November 2018 and Chair on 21 November 2019. Christine's background in governance and as a Director is extensive, spreading over many structures and industry profiles, a Fellow with AICD and presently serving on the Boards of West Gippsland Healthcare Group, Baw Baw Latrobe LLEN, the Celebrate Baw Baw Awards Committee, and she is also a member of the Gippsland AICD Committee. Christine holds a Masters in Career Development and works as a Career Consultant. Christine is a member of the Community Investment Committee.

Anthony Staley Treasurer

Tony was appointed to the Board on 1 October 2020 and is currently TDFS's Treasurer. Tony is a retired accountant, with 30 years' experience in senior roles within the electricity and water sectors. Tony has strong financial and governance skills which have been developed through his previous roles, particularly as Chief Finance Officer and Corporation Secretary of a large local Statutory Authority. Tony has also over 20 years experience on School Councils. Tony has a Bachelor of Business and a Graduate Diploma of Applied Corporate Governance. He holds Fellow membership status with both CPA Australia and the Governance Institute and is a Graduate member of AICD. Tony is a member of the Audit and Risk Committee.

Matthew Steendam

Matt was appointed Director on 5 December 2019. Matt holds a Bachelor of Agricultural Science from the University of Melbourne, and prior to joining the families diversified potato farming business, was an Agribusiness Relationship Manager with Rural Bank in Gippsland. This role encompassed client relationship management; new business acquisition; and undertaking business, financial, farming and cashflow analysis for clients. Matt also has a strong involvement with Thorpdale CFA, Thorpdale Recreation Reserve Committee of Management and Thorpdale Potato Festival. He is married with three young children and lives at Thorpdale on the family farm. Matt is Chair of the Audit and Risk Committee.

David Balfour

David was appointed Director on 9 July 2019. David lives in Willow Grove and has been a local councillor for the Thompson and then the North Ward. David has had extensive involvement in local community activities including meetings with local progress associations and town committees and a strong involvement with CFA, Landcare, Reserve Committees, School Councils, UDV and sporting clubs with a strong community connection. David is Chair of the Community Investment Committee.

Geoff Conway

Geoff was appointed Director on 27 May 2022. Geoff's qualifications include a Masters in Business Administration, Diploma of Teaching, Certificate VI in Workplace Training and Assessment, and he is a Graduate of the Institution of Fire Engineers. Geoff has over 42 years experience as a leader, manager and professional development trainer in public and emergency management agencies in Victoria. Geoff has worked internationally as a consultant on behalf of Australian Government agencies supporting organisational improvement initiatives in Asia and South America. Now he is a founder and the principal consultant with Crossbow Consulting Services, a consultancy focusing on the provision of support to government and NGOs.

Directors' report (continued)

1. The directors in office (continued)

Debbie Di Sisto Board Deputy Chair

Debbie was appointed Director on 1 August 2019. Debbie has lived in Trafalgar all of her life and attended both Trafalgar Primary & Trafalgar High School as a student. Debbie holds Certificates in Events Management, Retail Operations and Financial Services. Debbie has previously worked in the mining industry as a payroll administrator, retail industry in sales, banking industry as a customer service consultant and construction industry as an administration assistant. Debbie's husband is a dairy farmer and they live on their farm just out of Trafalgar. Debbie is a member of the Audit & Risk Committee.

Wayne Vernon

Wayne was appointed to the Board of TDFS on 25 August 2021. Wayne is a regenerative farmer based in Willow Grove, but has devoted the majority of his career to regulating major hazard industries. He has experience in strategy development, business planning, programme delivery, and the development and auditing of management systems. Wayne has worked internationally in the development of risk-based regulatory systems, and has extensive experience in the management of health and safety. He holds a Masters Degree in Electrical and Electronic Engineering, and is a Fellow of both Engineers Australia and the Institution of Engineering and Technology. Wayne is a member of the Audit and Risk Committee.

Darren Wallace

Darren was appointed Director on 10 October 2019. Darren Wallace is a local of Trafalgar, having lived all his life here, married with three children. Darren is currently an East Ward Councillor for Baw Baw Shire, having been elected in November 2016 as well as an active member of the Trafalgar community with links to the local fire brigade serving as Captain for 10 years, both school councils and the Trafalgar RSL. Darren holds a university graduate with a degree in spatial science (surveying) and a graduate diploma in geomatics (GIS) and a graduate and member of the Australian Institute of Company Directors. Darren has been employed in private industry, local government and currently the water industry within the asset management department managing the Geographical Information System (GIS) and spatial data of over \$1B of assets. Darren was a member of the Community Investment committee until his resignation from the board on 9 November 2021.

David Jacavou

David was appointed to the Board on 1 September 2021. David lives in Trafalgar and is the Operation Manager for Southern Plant, and is Director of Southern Investment Company and Southern Rental. David is a qualified Diesel Fitter and has a Certificate III HS.

Debbie Litowski

Debbie was appointed to the Board on 1 September 2021. Debbie lives in Trafalgar and has managed various businesses over the past 20 years, and is currently completing a Master of Business Administration (MBA). Debbie has a Diploma in Business Management.

Rosie Carroll Company Secretary

Rosie was appointed Company Secretary on 16 March 2021. Rosie is an experienced Executive Assistant and Company Secretary, who is currently employed as an Executive Assistant to a CEO and Board Secretary of a large, charitable not for profit health service provider, and has previous experience working in the legal sector. Rosie has a Bachelor of Business.

Directors' report (continued)

2. The principal activity of the Company during the financial year was the management of a community bank.
3. The net profit after tax of the Company for the financial year was \$165,575 (2021: \$167,220).
4. During the financial year the Company continued its trading activities, the results of those operations were in line with projections.
5. There was no significant change in the state of the affairs on the Company during the financial year.
6. No matters of circumstances have arisen since the end of the financial year which significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.
7. The directors are not aware of any likely developments in the operation of the Company or of any change in the expected results of those operations in future financial years.
8. No Indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Company.
9. 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 party for the purpose of taking responsibility on behalf of the Company of all or any part of those proceedings.
10. The company was not a party to any such proceedings during the year.
11. The Company's operation are not regulated by any significant environmental regulation under a law of the Commonwealth, or of a State or Territory.
12. 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 with a Director, a firm of which a Director is a member, or an entity in which a Director has a substantial financial interest other than the benefits disclosed in Note 8. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the accounts, or the fixed salary or an employee of the company.
13. During the Financial year, 13 meetings of directors were held. Attendances by each director were as follows:

Directors Meetings				
Director	Director Since	Eligible to Attend	Number Attended	
Anthony Staley	2020	13	13	
Christine Holland	2018	13	13	
Darren Wallace	2019	5	2	(resigned 9/11/2021)
David Balfour	2019	13	12	
David Jacavou	2021	9	9	(appointed 1/09/2021)
Debbie Di Sisto*	2019	7	7	
Debbie Litowski	2021	9	8	(appointed 1/09/2021)
Geoff Conway	2022	1	1	(appointed 27/05/2022)
Matt Steendam	2019	13	13	
Wayne Vernon	2021	11	9	(appointed 25/08/2021)

Directors' report (continued)

13. Meetings of directors (continued)

Directors Meetings				
	Director Since	Eligible to Attend	Number Attended	
Non-Director				
Rosie Carroll	2021	13	12	
Torina Johnston	2021	11	10	(commenced as branch manager 1/07/2021)

*Debbie Di Sisto leave of absence 2 July 2021 - January 2022


All Directors are widely experienced in the general business environment in which the company operates.

Auditors Independence Declaration

The directors received the following declaration from the auditor of the company:

Kidmans Partners Audit Pty Ltd

Signed in accordance with a resolution of the Board of Directors.



Christine Holland Chair

Date: 7 September 2022

Auditor's independence declaration



Accountants and Advisors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Trafalgar & District Financial Services Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

- (i) no contraventions of the auditor independence requirements as set out in 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.

KIDMANS PARTNERS AUDIT PTY LTD

A handwritten signature in black ink, appearing to read 'John Petridis', written over a light grey circular stamp.

John Petridis
Director

Melbourne, 7 September 2022

Kidmans Partners Audit Pty Ltd

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Financial statements

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

	Note	2022 \$	2021 \$
REVENUE			
Income from operations		987,512	978,709
Government grants		4,069	29,568
Interest received		932	767
TOTAL REVENUE		992,513	1,009,044
EXPENSES			
Employee benefit expenses		470,476	496,026
Depreciation		27,089	24,831
Amortisation of franchise fee		13,238	13,130
General administration		105,740	117,792
Leasing costs		15,693	17,524
Audit services		5,400	4,950
Advertising and promotion		20,147	20,956
Sponsorship, grants and donations		95,848	48,165
Occupancy costs		14,095	22,879
TOTAL EXPENSES		767,726	766,253
PROFIT BEFORE MARKET DEVELOPMENT		224,787	242,791
Contribution - CEF		-	(26,316)
PROFIT BEFORE INCOME TAX		224,787	216,475
Income tax expense	3	59,212	49,255
PROFIT FOR THE YEAR		165,575	167,220
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		165,575	167,220
Earnings per share (cents per share)			
- basic earnings per share (cents)		31.07	31.38
- diluted earnings per share (cents)		31.07	31.38

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	731,173	598,702
Trade and other receivables		91,510	74,765
Tax Assets		7,181	10,987
Other		429	720
TOTAL CURRENT ASSETS		830,293	685,174
NON-CURRENT ASSETS			
Intangibles	14	18,493	31,731
Property, Plant & Equipment	2	643,005	637,570
Right-of-Use Asset	7	45,034	58,891
Deferred Tax Asset	3	8,718	17,797
TOTAL NON-CURRENT ASSETS		715,250	745,989
TOTAL ASSETS		1,545,543	1,431,163
LIABILITIES			
CURRENT LIABILITIES			
Interest Bearing Liabilities		15,391	14,661
Trade and other payables		122,022	65,167
Tax Liabilities		-	-
Provisions	4	17,672	63,886
TOTAL CURRENT LIABILITIES		155,085	143,714
NON-CURRENT LIABILITIES			
Interest Bearing Liabilities		35,190	49,853
Deferred Tax Liability	3	16,387	14,423
Provisions	4	4,933	1,513
TOTAL NON-CURRENT LIABILITIES		56,510	65,789
TOTAL LIABILITIES		211,595	209,503
NET ASSETS		1,333,948	1,221,660
EQUITY			
Contributed Equity		532,850	532,850
Accumulated Profits	10	801,098	688,810
TOTAL EQUITY		1,333,948	1,221,660

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Contributed Equity \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2021	532,850	688,810	1,221,660
Total comprehensive income for the year	-	165,575	165,575
Transactions with owners in their capacity as owners:			
Shares issued during the year	-	-	-
Dividends recognised for the year	-	(53,287)	(53,287)
Balance at 30 June 2022	532,850	801,098	1,333,948
Balance at 1 July 2020	532,850	585,530	1,118,380
Total comprehensive income for the year	-	167,220	167,220
Transactions with owners in their capacity as owners:			
Shares issued during the year	-	-	-
Dividends recognised for the year	-	(63,940)	(63,940)
Balance at 30 June 2021	532,850	688,810	1,221,660

The accompanying notes form part of these financial statements.

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		1,067,844	1,108,965
Payments to suppliers and employees		(803,754)	(801,459)
Interest received		932	767
Income tax paid		(44,363)	(102,489)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6	220,659	205,784
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(20,968)	(2,406)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(20,968)	(2,406)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from lease liabilities		2,801	8,484
Repayment of lease liabilities		(15,966)	(15,654)
Repayment of borrowings		(768)	(2,886)
Dividends paid		(53,288)	(63,940)
NET CASH USED IN FINANCING ACTIVITIES		(67,221)	(73,996)
Net increase/(decrease) in Cash Held		132,471	118,441
Cash and Cash Equivalents at beginning of year		598,702	480,261
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	731,173	598,702

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2022

1. Summary of significant accounting policies

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Trafalgar & District Financial Services Limited ("the Company") as an individual entity. The Company is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based in historical costs and does not take into account changing money values, or except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied.

(a) Basis of preparation

These general purpose financial statements for the year reporting period ended 30 June 2022 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This financial report is intended to provide users with an update on the latest annual financial statements of the Company. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Company. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2022, together with any public announcements made during the following year.

(b) Significant 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. Other than as addressed in specific notes, 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.

(c) Accounting policies

The same accounting policies and methods of computation have been followed in this financial report as were applied to prior financial statements

These policies have been consistently applied to all the years presented, unless otherwise stated.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(d) Property, Plant and Equipment

Each class of property, plant and equipment are carried at cost less where applicable any accumulated depreciation.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

The carrying amount of fixed assets is reviewed annually to ensure it is not in excess of the recoverable amount of those assets. The recoverable amount is assessed on the basis of expected net cash flows which will be received from the assets, employment and subsequent disposal. The expected net cash flows have been discounted to their present value in determining the recoverable amounts.

The depreciable amount of all fixed assets are depreciated using the diminishing value method over their useful lives to the Company commencing from the time the asset is held ready for use.

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

Plant and Equipment 5% - 100%

(e) Right-of-use Assets

The right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. 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. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Revenue

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(h) 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. In these circumstances the GST is recognised as part of a cost of acquisition of the asset or as part of an item if the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are included in the Statement of Cash Flows on a gross basis, and the GST component arising from investing and financing activities, which is recoverable from, or payable to the Australian Taxation Office, are classified as operating activities.

(i) Intangibles

The franchise fee is valued in the accounts at cost and is being amortised over a period of five years. The balance is reviewed annually and any balance representing future benefits for which the realisation is considered to be no longer recoverable is written off.

(j) Comparative figures

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

(k) Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down

(l) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid in respect of services provided by employees up to the reporting date.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(m) Income Tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects either the accounting profit nor taxable profit or loss: and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business and, at the time of the transaction, effects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that are enacted or substantially enacted at the reporting date.

(n) Trade and other payables

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

(o) Provision for impairment of inventories

The Entity performs an annual assessment of the assets valuation to determine if there is a requirement for an Provision for Impairment. The provision for impairment assessment requires a degree of estimation and judgement.

(p) 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.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

	2022 \$	2021 \$
2. Property, Plant and Equipment		
Land & Buildings at Cost	478,212	478,212
Plant and Equipment at Cost	373,818	356,429
Less Accumulated Depreciation	(209,025)	(197,071)
	643,005	637,570
Reconciliation of written-down value of Property, Plant & Equipment		
Balance at beginning of year	637,570	648,962
Additions	19,101	2,406
Disposals	(434)	
Depreciation Expense	(13,232)	(13,798)
Balance at end of year	643,005	637,570

Notes to the financial statements (continued)

	2022 \$	2021 \$
3. Income Tax Expense		
The prima facie tax payable in operating profit is reconciled to the income tax expense as follows:		
Prima facie tax payable on accounting profit at 25% (2021: 26%)	56,197	56,284
Add:		
Non-deductible permanent differences		
Non-deductible entertainment	530	271
Less:		
Non-assessable permanent differences		
ATO Cash Flow Boost	-	(6,399)
Less:		
Adjustment for change in tax rate	(2,485)	901
Income Tax Expense	59,212	49,255
Timing differences deductible when incurred		
Provision for holiday pay, accrued and prepaid expenses	36	1,125
Provision for long service leave	(8,430)	1,061
	(8,394)	2,186
Movement in Deferred Tax Liability	(1,964)	(2,011)
Deferred Tax Asset		
Accrued Expenses	3,067	793
Provision for Holiday Pay	4,418	6,954
Provision for Long Service Leave	1,233	10,050
	8,718	17,797
Deferred Tax Liabilities		
Accrued Interest	107	187
Depreciation - Acc v Tax Difference	14,575	12,463
Rent Expense	1,705	1,773
	16,387	14,423

4. Provisions

Current		
Annual Leave	17,672	26,745
Long Service Leave	-	37,141
	17,672	63,886
Non - Current		
Long Service Leave	4,933	1,513
Average number of employees	7	8

Notes to the financial statements (continued)

	2022 \$	2021 \$
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5. Cash & Cash Equivalents

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash at Bank	731,173	598,702
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6. Cash Flow Information

Reconciliation of cash flow from operations with operating profit / (loss)		
Operating profit after tax	165,575	167,220
Non-operating Cash flows in operating results		
Depreciation	27,523	24,831
Amortisation	13,238	13,130
Changes in Assets and Liabilities		
Decrease / (Increase) in receivables	(16,745)	29,441
(Decrease) / Increase in payables	62,175	5,843
(Decrease) / Increase in provisions	(42,794)	8,256
(Decrease) / Increase in tax payable	644	(38,300)
Decrease / (Increase) in deferred tax assets	9,079	(1,285)
(Increase) / Decrease in deferred tax liabilities	1,964	(3,352)
Net cash provided by operating activities	220,659	205,784

7. Right-Of-Use-Asset

Right-to-Use Asset	76,004	76,004
Less: Accumulated Depreciation	(30,970)	(17,113)
	45,034	58,891

8. Related Party Transactions

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

No transactions with related entities.

9. Segment Reporting

The Company operates in the service sector where it conducts a Community Bank in Trafalgar, Yarragon, Willow Grove, Thorpdale, Narracan, Erica, Rawson, Walhalla and Tanjil South of Gippsland in Victoria.

Notes to the financial statements (continued)

	2022 \$	2021 \$
10. Accumulated Profits		
Accumulated profit at the beginning of the financial year	688,810	585,530
Net profit after income tax	165,575	167,220
Less dividends paid	(53,287)	(63,940)
Accumulated profit at the end of the financial year	801,098	688,810

11. Dividends Paid on Ordinary Shares

Franked dividends	53,289	63,942
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(10 cents per share for 2022, 12 cents per share for 2021)

12. Franking Credit Balance

Franking account balance as at the end of the financial year	344,928	315,493
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13. Company Details

The registered office of the Company is 82 Smith Street, WARRAGUL Victoria

The principal place of business is 107b Princes Highway, Yarragon, Victoria

14. Intangibles

Franchise Fee at cost	65,919	65,919
Less Amortisation	(47,426)	(34,188)
	18,493	31,731

15. Earnings Per Share

Earnings used in calculating basic and diluted earnings per share	165,575	167,220
Weighted average number of shares for basic and diluted earnings per share	532,850	532,850

16. Key Management Personnel Disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the entity is set out below:

Aggregate Compensation	150,332	143,956
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Notes to the financial statements (continued)

17. Financial Instruments

	Effective Interest Rate		Floating Interest Rate		Fixed Interest Rate				Non Interest Bearing	
	2022	2021	2022	2021	Within 1 Year		1 to 5 Years		2022	2021
					2022	2021	2022	2021		
Financial Assets										
Cash at Bank	0.13%	0.68%	299,964	382,667	431,209	216,035	-	-		
Receivables									91,510	74,765
Total Financial Assets			299,964	382,667	431,209	216,035	-	-	91,510	74,765
Financial Liabilities										
Loan			-	-						
Payables	13.99%	13.99%	728	319					122,022	76,108
Occupancy lease	5.00%	5.00%			14,663	13,165	35,190	49,853		
Chattel Mortgage Liabilities	-	7.4%			-	1,177				
Total Financial Liabilities			728	319	14,663	14,342	35,190	49,853	122,022	76,108

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

(c) Net Fair Value

For other assets and other liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in a standardised form. Financial assets where the carrying amount exceeds net fair values have been written down as the company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and Notes to the Financial Statements.

18. 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 either expected to be realised or intended to be sold or consumed in the 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.

Notes to the financial statements (continued)

18. Current and Non-Current Classification (continued)

A liability is classified as current when:

- it is either expected to be settled in the 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.

19. Events After the Reporting Period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while the results for the Company have been financially positive up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other 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

For the financial year ended 30 June 2022

The directors of Trafalgar & District Financial Services Limited, declare that:

- (1) The financial statements and notes, as set out on pages 6 to 20 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standards; and
 - (b) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year ended on that date.
- (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 declaration is made in accordance with a resolution of the Board of Directors



Christine Holland
Chair

Dated this 7th day of September 2022

Independent audit report



Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR & DISTRICT FINANCIAL SERVICES LIMITED

Opinion

We have audited the financial report of Trafalgar & District Financial Services Limited (the Company), 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, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of Trafalgar & District Financial Services Limited has been prepared in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

We 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.

Other Information

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 and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Company determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFALGAR & DISTRICT FINANCIAL SERVICES LIMITED (CONTINUED)

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

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

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 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 the 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:

- 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.

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

Kidmans Partners Audit Pty Ltd
ABN: 46 143 986 841

A handwritten signature in black ink, appearing to read 'John Petridis', written over a light grey background.

John Petridis
Director

Melbourne, 7 September 2022

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 **Bendigo Bank**