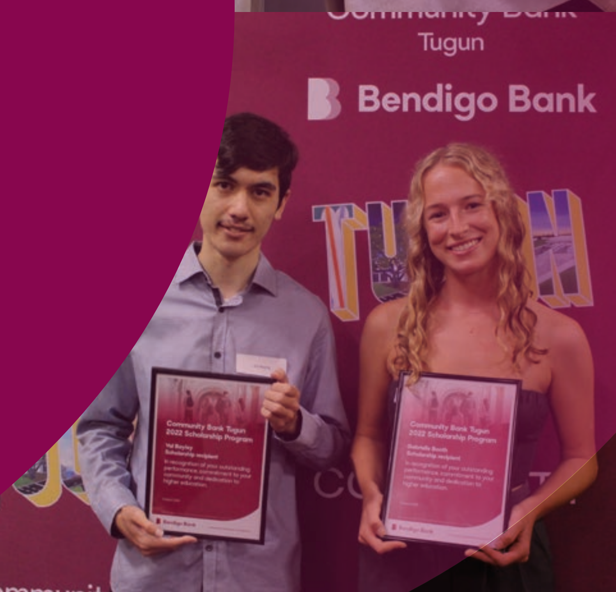
Annual Report 2022

Tugun & District Finances Limited



Community Bank · Tugun

ABN 57 102 056 306

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Chairman's report

For year ending 30 June 2022

We have continued on our community's mandate which was revealed at our community forums to support and engage the youth in our area. We are now in our fourth year in providing a scholarship program for local secondary school students to further their studies. We have also provided a digital directory service for youth with the website, HubbleGC, which has been credited nationally as a leading initiative in this space.

What an honour for me to present the Chair's report for the year ending 30 June 2022. The last time I contributed to the Tugun & District Finances Limited Annual Report was in my final year as Branch Manager back in 2007, so life has come full circle. For me personally, I am very proud to be part of the Board of our wonderful community enterprise and it is gratifying to still be a part of the Tugun and southern Gold Coast community where my Bendigo Bank journey began in 2003.

As the inaugural Branch Manager, I recall the anticipation and excitement I had for the positive impact I knew the branch will have on our community from the relatively new Community Bank model in Queensland. Since opening our branch, we have contributed almost $1.8 million in community contributions including shareholder dividends and we have assisted over 100 local community organisations, schools and clubs with sponsorships, grants and in-kind support. We look forward to celebrating the branch's 20th birthday on 23 February 2023 with the community next year.

We have continued on our community's mandate which was revealed at our community forums to support and engage the youth in our area. We are now in our fourth year in providing a scholarship program for local secondary school students to further their studies. We have also provided a digital directory service for youth with the website, HubbleGC, which has been credited nationally as a leading initiative in this space. We look forward in continuing our mission in collaboration with our community stakeholders and support from City of Gold Coast Division 14, Cr. Gail O'Neill and the Honorable Member for Currumbin, Laura Gerber MP to connect and support our youth and communities in the year ahead.

FY2022 has been another extraordinary year, as we continued to deal with the challenges that COVID-19 present to the economy, the community and our company. As the world continues to grapple with the lingering impacts of the pandemic, we can hold a measure of optimism that we are closer to the end than we are to the start and that society generally, is coping well as we cautiously live with the virus as part of everyday life.

There was and continues to be so much uncertainty in the economy and impacts to the banking sector. With the lowest interest rates and revenue margins in decades, increasing inflation, fluctuating consumer confidence and the dynamics of the housing sector have provided the perfect storm for extreme volatility to operate our Community Bank company in.

I would like to thank all the Directors for their dedication to keeping a tight rein on our operations throughout the year and especially our company Treasurer – Kelly Sawden supported by our Finance, Risk & Audit Committee, who collectively have shouldered an enormous load in overseeing our financial and regulatory requirements through the year, to deliver a net profit of $241,333 before community contributions and tax expense. This responsible management has allowed the Board to approve a fully franked dividend of 7c to our shareholders. I am proud to report that we have consistently paid a dividend for 16 years now and a further benefit of our shared revenue model with our community and our shareholders.

Our connection and engagement with the community has continued to be a primary focus for the Board and in FY2022 we were able to reinvest $102,227 in sponsorships, donations and grants across a wide range of community initiatives and organisations.

We received great support from our community fundraiser in early 2022 for victims of the devastating flood event that affected South East Queensland and northern NSW. The appeal raised over $20,000 which went directly to local southern Gold Coast families who were severely impacted and went some way to helping them get back on their feet.

Our community funding programs are only made possible by our loyal customers, who make the simple but impactful decision to do their banking with Community Bank Tugun. A portion of the profits generated from our customers' banking business is redirected to support our community. The more banking support we gain, the more we can support our community. It's as simple as that.

If you are a customer of our branch, thank you for your ongoing support. If you are a shareholder but not a customer, we ask you to consider switching to Community Bank Tugun as your banking alternative, where you can help us continue to support the community. Even in this age of digital banking, you can still support local. Online banking customers of Bendigo Bank can simply ask to have their banking attached to the Tugun branch and straight away, the banking profits will start flowing back to the community.

A huge thankyou to our staff, ably led by our long-standing Branch Manager – Allan Merlehan who has continued to "steer the ship" through sometimes choppy waters during the year, where we saw a number of staff retirements and movements. Thankyou Allan for your steady hand and invaluable experience, and well done to the branch team for continuing to deliver quality service, to our customers – week in and week out.

A huge debt of gratitude is owed to all our volunteer Directors and committee members who dedicate hours and hours of their own time and talent to our community every month. Thank you to our dedicated and highly efficient Executive Assistant to the Board – Maris Dirkx whose experience and skills keep us on task and focussed on the importance of our responsibilities as Directors.

Finally, thank you to our shareholders for your support and investment in our community enterprise and rest assured, the business is in safe hands and our future is bright.

Peter Dirkx
Co-Chair
Tugun & District Finances Ltd

Manager's report

For year ending 30 June 2022

We look forward to another successful year ahead, the staff at Community Bank Tugun encourage our shareholders and customers to continue to tell their family and friends about us and what being a customer of our branch can do for this wonderful community.

What a year 2021-22 turned out to be.

We started the year in July 2021 with COVID-19 lockdowns and border closures, which affected many businesses on the southern end of the Gold Coast, including our own.

Easing of restrictions in 2022 was a relief for all, although it did create its own challenges as some of us succumbed to illness with COVID-19 and the flu.

The property market locally has seen some decline in activity and prices as interest rate rises in the second half of the financial year dampened demand.

Whilst there have been many challenges, there has been much to be excited and proud of.

A few positive highlights for the year include:

- Customers have increased 3.7% to 5,066
- Total Business increased $15.6 million, against a budget of $6 million. This was mainly in deposits, as some of our larger business customers sold residential and commercial property to reduce debt and take advantage of last year's booming property market
- Lending Approvals $28 million, up $2.5 million on the previous year
- Profit (before community contributions and income tax expense) $241,333 against a Budget of $222,000
- Our Scholarship Program providing support to seven local students with the successful completion of their Tertiary Studies
- The continued progress of HubbleGC, a digital directory for youth.

Community Bank Tugun provided sponsorships and donations of $102,227 in the last 12 months to the following worthwhile local community groups;

Agape Outreach Inc	Scholarship Program
Alley Board Riders	Shout Out Festival
Coolangatta Tugun Catholic Parish	Sommerset Storyfest
Currumbin Vikings SLSC	Southern Business Women Connect
Currumbin Wildlife Sanctuary Hospital	Swell Sculpture Festival
Elanora State High School	Teenage Adventures Camp QLD
Gold Coast United FC	Tugun Lights Up

Palm Beach Cricket Club	Tugun Seahawks JRLFC
PBC Alliance	Tugun Surf Life Savings Club
PBC State High School	U3A
Palm Beach Currumbin Cricket Club	Young Veteran Support Services
Queensland Flood Appeal	Youth Music Venture

I would like to take this opportunity to thank the Board of Directors, the Community Engagement Committee, the Finance Committee and their families, for their ongoing support, on a volunteer basis, which has enabled our business to continue to grow and be successful in our local community.

I would like to thank Maris Dirkx, Executive Assistant to the Board, who has worked tirelessly for the Board and our branch to coordinate our marketing and sponsorship events throughout the year.

Over the last 12 months we have seen several personnel changes from my Annual Report last year.

- Lorne King announced his retirement as of 31 December 2021. Lorne has been with us for six years and his knowledge and passion for helping our customers and his support of myself is sorely missed. We wish Lorne all the best in the next chapter of his life.
- Jennifer Cowley announced her retirement as of 16 March 2022. Jen had been with us for over four years and her enthusiasm for helping our customers and kindness to her fellow colleagues is sorely missed. We wish Jen and Martin all the best in the next chapter of their lives.
- Kate Tomson has joined team Tugun in July 2022 as a part-time CSO and is new to banking. Kate previously worked at Australia Post and has fitted in well with our team. Kate has progressed well and her willingness to learn and have a go is appreciated.
- Julie Beck has been promoted to the Branch Operations Manager's role and her knowledge and dedication to this challenging role is welcomed and Julie has provided the team with a positive direction.
- Dorri Janusz has been promoted to the Customer Relationship role and proven her value in a brief period of time with her willingness to learn and get the job done without fuss.
- Taylah Woodward has been promoted from part-time to full-time CSO in recognition of her progression and enthusiasm in the role over the last 12 months.

Finally, I would like to thank the staff at Tugun for their efforts throughout the year in what was a challenging year for all. The staff also worked as volunteers in our community engagement activities throughout the year, which has helped the success of our sponsorship/grant programs.

We look forward to another successful year ahead, the staff at Community Bank Tugun encourage our shareholders and customers to continue to tell their family and friends about us and what being a customer of our branch can do for this wonderful community.

Allan Merlehan
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

Directors' report

For the financial year ended 30 June 2022

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

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

Name:	Lisa Kathleen Fitz Gerald
Title:	Co-chair
Experience and expertise:	Present - Client Liaison - Grower Services Support. 1989 to present - Special event and conference organiser. 2016 - 2011 - On a Mission & Adrenalin Festival Foundation Committee. 2009 - 2011 - St. Clare's Parish School Canteen Convenor. 2002 - 2006 - Mission Beach Outrigger Canoe Club Secretary. 1998 - 2002 - Tully Tennis Club Committee. 1998 - 2003 - St. Clare's Catholic Church Fundraising Co-ordinator Church renovation. Currently a Swim Teacher.
Special responsibilities:	Co-chair, Community Engagement Committee Chair

Name:	Peter Anthony Dirkx
Title:	Co-chair
Experience and expertise:	Peter has 16 years in Senior Management positions with Bendigo & Adelaide Bank, with over 10 years in the Community Banking team. He has over 30 years in management roles within the Banking and Finance sector. He has extensive experience on community consultation and engagement and in community banking and not for profit governance and strategic planning. Peter has attended and facilitated numerous Australian Institute of Company Directors (AICD) and Governance Institute of Australia (GIA) workshops, forums and seminars. He has expertise in facilitating community forums, director education workshops and conferences. Currently working as Partnerships Manager to a Gold Coast Arts & Cultural organisation that provide visual and performing arts, cultural performances and programs, entertainment and hospitality services. Tertiary and formal qualifications include Financial Analysis for Officers & Directors (Governance Institute of Australia), Not-for-Profit Financial Management & Regulatory Compliance (Governance Institute of Australia), Risk Management & Governance Essentials (Governance Institute of Australia), Duties of Officers and Directors (Governance Institute of Australia), Director Development Program (Australian Institute of Company Directors), Certificate IV Business, Advanced Leadership Management Program, Operational Risk Management, Certificate IV Frontline Management, Certificate III Small Business Management, Certificate IV Financials Services and Certificate in Credit Analysis.
Special responsibilities:	Co-Chair and Consultant to both the Finance Risk & Audit Committee and Community Engagement Committee

Name:	Cameron Kenneth Window
Title:	Non-executive director
Experience and expertise:	Bachelor of Business - QUT. Bachelor of Applied Science - QUT. Diploma of Financial Markets - AFMA. Occupations: Executive Manager - Fixed Income - MINT Partners (current). Associate Director - Fixed Income - FIIG Securities (2012 - 2016). Project Manager and Analyst - Flight Centre (2010 - 2012). Area Operations Leader - Flight Centre (2005 - 2010). Skills: Financial markets trading and analysis. Relationship/account management. Business operations and project management.
Special responsibilities:	Finance Risk & Audit Committee

Name:	Robert William Marshall
Title:	Non-executive director
Experience and expertise:	Retired solicitor. Board member Lindisfarne Anglican School.
Special responsibilities:	Finance Risk & Audit Committee

Name:	Kelly Marie Sawden
Title:	Non-executive director
Experience and expertise:	Bachelor of Commerce (UQ), Bachelor of Laws (Hons) (UQ), Chartered Accountant, Registered Tax Agent. Managing Director of Ascend Financial Management (current). Previous roles include International Tax Manager at Billabong International Ltd, General Manager Corporate Services and Financial Controller at Queensland Airports Limited, and Corporate Tax Consultant at PricewaterhouseCoopers. Skills include accounting, tax, audit, corporate structuring, cashflow management, budgets and forecasts, financial and management reporting, financial control and business improvement.
Special responsibilities:	Finance Risk & Audit Committee

Name:	Norbert Anthony Benton
Title:	Non-executive director
Experience and expertise:	Almost twenty years professional experience in environmental management and sustainability including over fifteen years in his current role as Environment Manager at Gold Coast Airport. Through his professional career and having completed a Bachelor of Science at Central Queensland University has equipped Norbert with skills and knowledge in environmental management, sustainable development, governance and risk management practices along with forming good working relationships with an array of stakeholders including industry, government agencies and community groups.
Special responsibilities:	Finance Risk & Audit Committee

Name:	Colin Raymond Woodward
Title:	Non-executive director
Experience and expertise:	Bachelor of Business, Fellow of CPA Australia, Fellow of Taxation Institute of Australia, Justice of the Peace (Qualified).
Special responsibilities:	Finance Risk & Audit Committee

Name:	Sean David Powell
Title:	Non-executive director
Experience and expertise:	Sean is a Partner at Robbins Watson Solicitors, Burleigh Waters. Previously working as Solicitor - Property & commercial; wills and estates; family law; litigation. He holds a Bachelor of Laws (Hons) Queensland University of Technology, Bachelor Business (Marketing) Queensland University of Technology, Graduate Diploma (Legal Practice) Australian National University, Queensland Legal Practising Certificate. Admitted to Supreme Court of Queensland and High Court of Australia as a Lawyer. Principal Practising Certificate - Queensland Law Society. Memberships include Gold Coast District Law Association, Queensland Law Society, New South Wales Law Society, Society of Trust and Estate Practitioners (STEP).
Special responsibilities:	Nil

Name:	Gabrielle White
Title:	Non-executive director (Appointed 25 August 2021)
Experience and expertise:	Gabrielle is a Business University Student, Gold Coast Airport Receptionist, Recruitment Coordinator.
Special responsibilities:	Nil

Name:	Heidi Belinda Wallace
Title:	Non-executive director (resigned 17 May 2022)
Experience and expertise:	Heidi has a Diploma of Marketing Management with 25 years of experience in the field. Her current roles include Marketing and Communications for Palm Beach Currumbin SHS and PBC Alliance (six years), Power Super Foods Murwillumbah (two years), BrandPoint Ashmore (one year), Marketing & Administration Manager for Wallace Homes Tweed Heads (ten years) and Senior Product Manager for Trimex Pty Ltd Rosebery (six years). Heidi also has experience in community organisations including one year CEC Committee with Tugun & District Finances Ltd, two years with Tweed Netball Committee, and two years with St James Primary Banora Point Committee.
Special responsibilities:	Community Engagement Committee

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

Company secretary
The Company secretary is Robert William Marshall. Robert was appointed to the position of Company secretary on 23 January 2008.

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

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

Review of operations
The profit for the company after providing for income tax amounted to $96,830 (30 June 2021: $65,053).

Operations have continued to perform in line with expectations.

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

	2022 $
Fully franked dividend of 7 cents per share (2021: 7 cents)	42,000

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

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

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

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

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

	Board		Finance Risk & Audit Committee		Community Engagement Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Lisa Kathleen Fitz Gerald	11	10	-	-	12	8
Peter Anthony Dirkx	11	11	-	-	-	-
Cameron Kenneth Window	11	6	10	2	-	-
Robert William Marshall	11	10	10	10	-	-
Kelly Marie Sawden	11	9	10	5	-	-
Norbert Anthony Benton	11	7	10	3	-	-
Colin Raymond Woodward	11	9	10	10	-	-
Sean David Powell	11	8	10	3	-	-
Gabrielle White	10	9	-	-	-	-
Heidi Belinda Wallace	9	7	-	-	-	-

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

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

	Balance at the start of the year	Changes	Balance at the end of the year
Lisa Kathleen Fitz Gerald	3,000	-	3,000
Peter Anthony Dirkx	1,000	-	1,000
Cameron Kenneth Window	10,500	-	10,500
Robert William Marshall	5,500	-	5,500
Kelly Marie Sawden	-	-	-
Norbert Anthony Benton	-	-	-
Colin Raymond Woodward	1,000	-	1,000
Sean David Powell	-	-	-
Heidi Belinda Wallace	-	-	-
Gabrielle White	-	-	-

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

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

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

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

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

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

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

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

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

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

On behalf of the directors

Peter Anthony Dirkx
Chair

9 September 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 9 September 2022

Adrian Downing
Lead Auditor

Financial statements

Tugun & District Finances Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	1,144,183	1,119,147
Other revenue	7	6,767	11,875
Finance revenue		2,245	3,066
Fair value gains/(losses) on financial assets		(1,305)	5,967
Employee benefits expense	8	(575,714)	(602,900)
Advertising and marketing costs		(12,803)	(15,565)
Occupancy and associated costs		(27,056)	(24,603)
System costs		(20,273)	(22,418)
Depreciation and amortisation expense	8	(128,568)	(123,780)
Finance costs	8	(21,035)	(23,370)
General administration expenses		(125,108)	(130,976)
Profit before community contributions and income tax expense		241,333	196,443
Charitable donations and sponsorships expense		(102,227)	(101,516)
Profit before income tax expense		139,106	94,927
Income tax expense	9	(42,276)	(29,874)
Profit after income tax expense for the year	21	96,830	65,053
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		96,830	65,053
		Cents	**Cents**
Basic earnings per share	29	16.14	10.84
Diluted earnings per share	29	16.14	10.84

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

Tugun & District Finances Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	317,524	278,234
Trade and other receivables	11	80,949	55,093
Financial assets	12	75,804	77,109
Total current assets		474,277	410,436
Non-current assets			
Property, plant and equipment	13	86,158	73,090
Right-of-use assets	14	358,705	422,950
Intangibles	15	299,713	344,753
Total non-current assets		744,576	840,793
Total assets		1,218,853	1,251,229
Liabilities			
Current liabilities			
Trade and other payables	16	21,566	43,868
Lease liabilities	17	56,841	52,249
Current tax liabilities	9	10,872	18,455
Employee benefits	18	-	9,944
Total current liabilities		89,279	124,516
Non-current liabilities			
Lease liabilities	17	330,959	387,983
Deferred tax liabilities	9	4,681	699
Provisions	19	22,975	21,902
Total non-current liabilities		358,615	410,584
Total liabilities		447,894	535,100
Net assets		770,959	716,129
Equity			
Issued capital	20	600,000	600,000
Retained earnings	21	170,959	116,129
Total equity		770,959	716,129

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

Tugun & District Finances Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		600,000	93,076	693,076
Profit after income tax expense		-	65,053	65,053
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	65,053	65,053
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(42,000)	(42,000)
Balance at 30 June 2021		600,000	116,129	716,129

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		600,000	116,129	716,129
Profit after income tax expense		-	96,830	96,830
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	96,830	96,830
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(42,000)	(42,000)
Balance at 30 June 2022		600,000	170,959	770,959

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

The accompanying notes form part of these financial statements

Tugun & District Finances Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,246,674	1,244,029
Payments to suppliers and employees (inclusive of GST)		(1,003,272)	(1,010,939)
		243,402	233,090
Interest received		2,245	3,494
Income taxes paid		(45,877)	(26,772)
Net cash provided by operating activities	28	199,770	209,812
Cash flows from investing activities			
Payments for property, plant and equipment		(32,351)	-
Payments for intangibles		(13,735)	(363,736)
Proceeds from sale of investments		-	30,000
Net cash used in investing activities		(46,086)	(333,736)
Cash flows from financing activities			
Dividends paid	22	(42,000)	(42,000)
Repayment of lease liabilities	17	(72,394)	(70,108)
Net cash used in financing activities		(114,394)	(112,108)
Net increase/(decrease) in cash and cash equivalents		39,290	(236,032)
Cash and cash equivalents at the beginning of the financial year		278,234	514,266
Cash and cash equivalents at the end of the financial year	10	317,524	278,234

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

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office	Principal place of business
Occulus Accounting Pty Ltd, 39 Wharf Street, Tweed Heads South NSW	Shop 1 to 3, 482 Golden Four Drive, Tugun QLD.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

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

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

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

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

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

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1:	inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2:	inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3:	unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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

Other intangible assets
Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

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

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

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

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

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

Note 5. Economic dependency

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

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

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

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

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

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	979,073	969,122
Fee income	72,555	74,222
Commission income	92,555	75,803
Revenue from contracts with customers	1,144,183	1,119,147

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

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

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

Note 7. Other revenue

	2022 $	2021 $
Market development fund	-	1,875
Cash flow boost	-	10,000
Other income	6,767	-
Other revenue	6,767	11,875

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

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

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

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

Cash flow boost
In response to the COVID-19 outbreak, *Boosting Cash Flow for Employers (Coronavirus Economic Response Package) Act 2020* (CFB Act) was enacted. The purpose was to provide temporary cash flow to small and medium sized businesses that employ staff and have been affected by the economic downturn associated with COVID-19.

Note 7. Other revenue (continued)

The amounts received are in relation to amounts withheld as withholding tax reported in the activity statement. This essentially subsidises the company's obligation to remit withholding tax to the Australian Taxation Office. For reporting purposes, the amounts subsidised are recognised as revenue.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	8,739	8,577
Plant and equipment	4,381	4,288
Motor vehicles	6,163	6,163
	19,283	19,028
Depreciation of right-of-use assets		
Leased land and buildings	64,245	64,245
Amortisation of intangible assets		
Franchise fee	2,204	2,204
Franchise renewal process fee	11,018	11,018
Domiciled customer accounts	31,818	27,285
	45,040	40,507
	128,568	123,780

Finance costs

	2022 $	2021 $
Lease interest expense	19,962	22,347
Unwinding of make-good provision	1,073	1,023
	21,035	23,370

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	524,165	543,209
Superannuation contributions	194	2,523
Expenses related to long service leave	385	12,486
Other expenses	50,970	44,682
	575,714	602,900

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

Note 8. Expenses (continued)

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	7,615	7,895

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	38,900	38,634
Movement in deferred tax	3,981	(8,127)
Reduction in company tax rate	-	(28)
Net benefit of franking credits on distributions received	(605)	(605)
Aggregate income tax expense	42,276	29,874
Prima facie income tax reconciliation		
Profit before income tax expense	139,106	94,927
Tax at the statutory tax rate of 25% (2021: 26%)	34,777	24,681
Tax effect of:		
Non-deductible expenses	7,955	8,269
Reduction in company tax rate	-	(28)
Other assessable income	149	(2,443)
Net benefit of franking credits on distributions received	(605)	(605)
Income tax expense	42,276	29,874

	2022 $	2021 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	17,580	12,556
Fair value of investments	-	426
Investment market value unrealised gain	100	-
Right-of-use assets	89,676	105,737
Lease liabilities	(96,951)	(110,058)
Employee benefits	-	(2,486)
Provision for lease make good	(5,744)	(5,476)
Accrued expenses	20	-
Deferred tax liability	4,681	699

	2022 $	2021 $
Provision for income tax	10,872	18,455

Note 9. Income tax (continued)

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

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	266,549	227,285
Term deposits	50,975	50,949
	317,524	278,234

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

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	64,100	46,089
Accrued income	7,399	1
Prepayments	9,450	9,003
	16,849	9,004
	80,949	55,093

Note 11. Trade and other receivables (continued)

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

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

Note 12. Financial assets

	2022 $	2021 $
Equity securities - designated at fair value through profit or loss	75,804	77,109

The company classifies financial assets as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other financial assets are classified as non-current.

Note 13. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	179,873	169,673
Less: Accumulated depreciation	(140,530)	(131,791)
	39,343	37,882
Plant and equipment - at cost	159,018	136,867
Less: Accumulated depreciation	(130,069)	(125,688)
	28,949	11,179
Motor vehicles - at cost	30,817	30,817
Less: Accumulated depreciation	(12,951)	(6,788)
	17,866	24,029
	86,158	73,090

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	46,459	15,467	30,192	92,118
Depreciation	(8,577)	(4,288)	(6,163)	(19,028)
Balance at 30 June 2021	37,882	11,179	24,029	73,090
Additions	10,200	22,151	-	32,351
Depreciation	(8,739)	(4,381)	(6,163)	(19,283)
Balance at 30 June 2022	39,343	28,949	17,866	86,158

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

Note 13. Property, plant and equipment (continued)

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

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

Leasehold improvements	5 to 20 years
Plant and equipment	3 to 10 years
Motor vehicles	3 to 5 years

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

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

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

Changes in estimates
During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

Note 14. Right-of-use assets

	2022 $	**2021 $**
Land and buildings - right-of-use	551,440	551,440
Less: Accumulated depreciation	(192,735)	(128,490)
	358,705	422,950

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

	Land and buildings $	Total $
Balance at 1 July 2020	487,195	487,195
Depreciation expense	(64,245)	(64,245)
Balance at 30 June 2021	422,950	422,950
Depreciation expense	(64,245)	(64,245)
Balance at 30 June 2022	358,705	358,705

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangibles

	2022 $	2021 $
Domiciled customer accounts	350,000	350,000
Less: Accumulated amortisation	(59,103)	(27,285)
	290,897	322,715
Franchise fee	94,059	94,059
Less: Accumulated amortisation	(92,591)	(90,387)
	1,468	3,672
Franchise renewal fee	170,182	170,182
Less: Accumulated amortisation	(162,834)	(151,816)
	7,348	18,366
	299,713	344,753

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

	Domiciled customer accounts $	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	350,000	5,876	29,384	385,260
Amortisation expense	(27,285)	(2,204)	(11,018)	(40,507)
Balance at 30 June 2021	322,715	3,672	18,366	344,753
Amortisation expense	(31,818)	(2,204)	(11,018)	(45,040)
Balance at 30 June 2022	290,897	1,468	7,348	299,713

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

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

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present. Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having a useful life and are amortised over their useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present.

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	February 2023
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	February 2023
Domiciled customer accounts	Straight-line	11 years	June 2032

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

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

Note 16. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	1,967	2,495
Other payables and accruals	19,599	41,373
	21,566	43,868

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

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

Note 17. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	74,197	72,211
Unexpired interest	(17,356)	(19,962)
	56,841	52,249
Non-current liabilities		
Land and buildings lease liabilities	370,179	444,559
Unexpired interest	(39,220)	(56,576)
	330,959	387,983

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	440,232	487,993
Lease interest expense	19,962	22,347
Lease payments - total cash outflow	(72,394)	(70,108)
	387,800	440,232

Maturity analysis

	2022 $	2021 $
Not later than 12 months	74,197	72,211
Between 12 months and 5 years	370,179	311,167
Greater than 5 years	-	133,392
	444,376	516,770

Note 17. Lease liabilities (continued)

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

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

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

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

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

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

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

The company's lease portfolio includes:

Tugun branch	The lease agreement commenced in February 2003. A 5 year renewal option was exercised in February 2018. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is February 2028. The discount rate used in calculations is 4.79%.

Note 18. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	-	3,320
Long service leave	-	6,624
	-	9,944

Accounting policy for employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages 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 in employee benefits in the statement of financial position.

Note 18. Employee benefits (continued)

Superannuation contributions
Contributions to superannuation plans are expensed in the period in which they are incurred.

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.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

Seconded employees
As at 30 June 2022 all branch staff were seconded from Bendigo Bank. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

Note 19. Provisions

	2022 $	2021 $
Lease make good	22,975	21,902

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $30,000 for the Tugun Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire February 2028 at which time it is expected the face-value costs to restore the premises will fall due.

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

Accounting policy for employee benefits

Other long-term employee benefits
The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

Note 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	600,000	600,000	600,000	600,000

Note 20. Issued capital (continued)

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

Note 20. Issued capital (continued)

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

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

Note 21. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	116,129	93,076
Profit after income tax expense for the year	96,830	65,053
Dividends paid (note 22)	(42,000)	(42,000)
Retained earnings at the end of the financial year	170,959	116,129

Note 22. Dividends

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

	2022 $	2021 $
Fully franked dividend of 7 cents per share (2021: 7 cents)	42,000	42,000

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	119,613	106,993
Franking credits (debits) arising from income taxes paid (refunded)	45,878	26,772
Franking debits from the payment of franked distributions	(14,000)	(14,757)
Franking credits from franked distributions received	605	605
	152,096	119,613
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	152,096	119,613
Franking credits (debits) that will arise from payment (refund) of income tax	10,872	18,455
Franking credits available for future reporting periods	162,968	138,068

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

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

Note 23. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	71,499	46,090
Cash and cash equivalents	317,524	278,234
Financial assets	75,804	77,109
	464,827	401,433
Financial liabilities		
Trade and other payables	21,566	43,868
Lease liabilities	387,800	440,232
	409,366	484,100

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

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

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

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

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

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

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

Equity Price risk
All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). All unlisted equity investments trade shares through a Low Volume Financial Market. Changes in equity securities value is recognised through profit or loss or other comprehensive income.

Note 23. Financial instruments (continued)

2022	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	7,580	1,895	10%	(7,580)	(1,895)

2021	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	7,711	1,928	(10%)	(7,711)	(1,928)

Cash flow and fair value interest rate risk
Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of $317,524 at 30 June 2022 (2021: $278,234). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

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

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	21,566	-	-	21,566
Lease liabilities	74,197	370,179	-	444,376
Total non-derivatives	95,763	370,179	-	465,942

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	43,868	-	-	43,868
Lease liabilities	72,211	311,167	133,392	516,770
Total non-derivatives	116,079	311,167	133,392	560,638

Note 24. Fair value measurement

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	75,804	-	-	75,804
Total assets	75,804	-	-	75,804

2021	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	77,109	-	-	77,109
Total assets	77,109	-	-	77,109

There were no transfers between levels during the financial year.

Note 25. Key management personnel disclosures

The following persons were directors of Tugun & District Finances Limited during the financial year:

Lisa Kathleen Fiz Gerald
Peter Anthony Dirkx
Robert William Marshall
Kelly Marie Sawden
Norbert Anthony Benton
Colin Raymond Woodward
Sean David Powell
Gabrielle White
Heidi Belinda Wallace

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

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

Note 26. Related party transactions

There were no transactions with related parties during the current and previous financial year.

Note 27. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	5,200	5,000
Other services		
Taxation advice and tax compliance services	600	600
General advisory services	2,080	3,095
Share registry services	3,578	3,285
	6,258	6,980
	11,458	11,980

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

	2022 $	2021 $
Profit after income tax expense for the year	96,830	65,053
Adjustments for:		
Depreciation and amortisation	128,568	123,780
(Increase)/decrease in fair value of equity instruments designated at FVTPL	1,305	(5,967)
Lease liabilities interest	19,962	22,347
Change in operating assets and liabilities:		
Increase in trade and other receivables	(25,856)	(5,477)
Increase/(decrease) in trade and other payables	(8,567)	5,212
Decrease in provision for income tax	(7,583)	-
Increase in deferred tax liabilities	3,982	3,102
Increase/(decrease) in employee benefits	(9,944)	739
Increase in other provisions	1,073	1,023
Net cash provided by operating activities	199,770	209,812

Note 29. Earnings per share

	2022 $	2021 $
Profit after income tax	96,830	65,053
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	600,000	600,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	600,000	600,000

Note 29. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	16.14	10.84
Diluted earnings per share	16.14	10.84

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

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

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

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

On behalf of the directors

Peter Anthony Dirkx
Chair

9 September 2022

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Tugun & District Finances Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tugun & District Finances Limited's (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 9 September 2022

Adrian Downing
Lead Auditor

Community Bank · Tugun
1-3/482 Golden Four Drive, Tugun QLD 4224
Phone: 07 5559 5700 Fax: 07 5534 7057
Email: tugunmailbox@bendigoadelaide.com.au
Web: www.bendigobank.com.au/tugun

Franchisee: Tugun & District Finances Limited
ABN: 57 102 056 306
Shop 1-3, 482 Golden Four Drive, Tugun QLD 4224
Phone: 07 5559 5700 Fax: 07 5534 7057

Share Registry:
AFS & Associates Pty Ltd
61 Bull Street, Bendigo VIC 3550
PO Box 454, Bendigo VIC 3552
Phone: 03 5443 0344 Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au
www.afsbendigo.com.au

/communitybanktugun

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Bendigo Bank