Annual Report 2022

Valley Community Financial Services Limited

Community Bank
Hurstbridge, Diamond Creek, Eltham, Doreen-Mernda and Kinglake Branch

ABN 86 092 399 730

Contents

Chairman's report.

For year ending June 30 2022.

2021-2022 was a year full of uncertainties. How would the economy react coming out of Covid lockdowns? What damage will be done to small business, the beating heart of our local economies? How long will housing prices escalate and when will interest rates recover? How will customer behaviours change after 18 months of hibernation? How will Bendigo Bank respond to pressures in the banking sector and what will it mean for Community Banks? Will our strategy to maintain a branch in Doreen-Mernda succeed? The list goes on.

The short answer to most of these questions is that the ground is still shifting and implementing a strategy which anticipates some of these changes has kept us in the game. We have had a very successful year given all of the constraints and remain one of the stronger Community Bank companies in the country.

Lending remained remarkably strong during the year with our branch and Mobile Lenders achieving their collective targets. Deposits grew along with lending and our banking book increased nearly 15% to $866.6 million.

Our belief that we need to recognise and respond to customer's changing needs and behaviours has delivered success on a number of fronts. I'm pleased to report that reducing the footprint at Community Bank Doreen-Mernda, reducing the staff costs and converting to a cashless site has delivered a profit every month since re-opening. The dedication of the branch staff and their patient explanations to customers about the need for the change has seen business retained and significant growth in accounts and lending. The free community space utilised by home based business and artists has provided a support to the local economy and introduced many more people to our community focussed purpose, as well as providing an opportunity for staff to talk about Bendigo Bank products. It's early days but I believe we can declare the change is a success and has provided learnings for other sites and other Community Bank companies. Reviewing our branch footprint is ongoing but we are determined to continue with a physical presence across our patch and as such now provide the only face to face banking service from Kinglake to Eltham.

Our staff have performed magnificently across a wide range of measures and always with the focus on serving the interests of our customers. During periods of heightened Covid infection and influenza our staff worked together to protect one another and keep the branches open. Their teamwork and level of commitment were outstanding during a very difficult year and they grew the business. Our Mobile Lenders met their targets and contributed outstanding growth to the lending book. Staff have undertaken constant upskilling and adjusted to massive change while continuing to grow and retain customers. Bendigo Bank advertising campaigns matter but we know it is the personal commitment of staff to customers which keeps us so relevant and respected.

Our management team, led by Executive Director Barry Henwood has worked effectively to implement the Board's Strategic Plan and respond to a myriad of day-to-day challenges. Barry's leadership has been fundamental to the success of the company and together with Senior Manager Tina Elmer has developed an efficient, team oriented approach which means the operation can make best use of our strengths and scale. Carla Lewis has joined the company undertaking the administrative roles previously performed by Melissa Humphries. We are fortunate to have found in Carla another great community minded staff member with strong skills and dedication to the role.

Our recently purchased properties are providing income or reducing our occupancy costs while growing in value and providing bricks and mortar backing for shareholder funds. Purchasing our foundation branch site in Hurstbridge was a particularly satisfying development. I'm pleased to say that our strategy of seeking alternate revenue streams has been endorsed for Community Bank companies in the published comments of the Bendigo Bank Managing Director, Marnie Baker. We will continue to explore the opportunities which arise.

Once again we have supported clubs and groups across our patch with sponsorships totalling $126,668 and $45,000 of Branch Managers' marketing sponsorships. We have also added $52,632 to the charitable funds in our Bendigo Bank Community Enterprise Foundation® account to assist higher value community projects when they arise.

I am pleased to report an after-tax profit of $555,000 and a shareholder dividend of seven cents (0.07) per share.

Finally, thank you to my director colleagues who have given significant energy and time to address the complex business challenges and promote our Community Bank story across the community. Particular thanks to Deputy Chair Daryl Brooke, who after a decade of service has left us to pursue a career change in Gippsland. Thank you also to Carol Jenkinson who stepped up to take on the Deputy Chair position and to Heidi Crundwell who has so diligently embraced the role of Company Secretary.

As shareholders I ask that you support the company with opportunities to deliver your banking needs and that you promote our Community Bank branches amongst family and friends. As other banks close their doors we remain an important ingredient to the life and prosperity of our community, feeding into it not off it.

Malcolm Hackett OAM
Chair

Executive Director's annual report.

For year ending June 30 2022.

It is a pleasure to be able to provide my 2022 financial year annual report as Executive Director of Valley Community Financial Services Limited and thank you for allowing me to continue in this role.

The role of Executive Director within this group is primarily to implement company strategy, identify opportunities for growth and development within our business, build strong relationships between board and our banking staff and continue to grow relationships and partnerships with the local community.

A key role of an Executive Director is to review the way we do business, develop, design, implement any change management, and staff structures. It is also important to constantly review the location and size of our footprint or occupancies and renegotiate lease renewals and our franchise agreements with the Bendigo and Adelaide Bank.

The bank staff focus on growing our branches, compliance and day to day staffing, leaving the Executive Director to work on the business, not in it.

It is very satisfying to be able to report an excellent result for the 2022 year. In recent years we have regularly reported difficult and tough times in growing our business and the squeeze in margins. I am not a banker but it is fair to say that our Community Bank branches have become extremely competitive in the marketplace providing an opportunity for our people to achieve great growth results. Margins were still tight but began to improve in the last quarter.

We saw our overall banking book grow by $110 million or just short of 15% and revenue has grown by 4.5%. This demonstrates how the margins have been squeezed year on year as we have to grow the business considerably to maintain the level of revenue. There are signs that trend is changing.

The business has been well-placed to take advantage of the growth opportunities. With a terrific team of Mobile Relationship Managers able to service our customers convenient to them and an excellent local branch network of five marvellous teams working hard to achieve impressive results.

The standout result has been Community Bank Doreen-Mernda. After 10 years of operation the branch had never delivered a profit. Despite regularly meeting budget growth targets the competitive market over the years has moved the breakeven point further and further away. It is not good business to continue to operate a branch that has no sign of making a profit and there is no point to continue the same as you have always done and expect a different result. Without successful changes we would be forced to close.

The Board decided to make total change to the way that branch operates. We reduced the size of the branch by almost 50% achieving substantial occupancy costs savings, changed the staff structure and removed cash from the business. Bendigo and Adelaide Bank have an arrangement with Australia Post so cash can be deposited and withdrawn at any Australia Post outlet and there is the Doreen post office situated just around the corner from this branch.

So, the good news is that after one full year of operation in the new look, Community Bank Doreen-Mernda has delivered a $63,000 profit against a loss for the 2021 financial year of $87,000. The branch banking book continued to grow throughout the 2022 financial year and revenue is up by around 2.5%.

This is a great result and a tribute to the quality of our staff that we are so fortunate to have at that branch. They had to field some tough questions explaining the reasons for change. Kath King and Kemmy Joshi have been terrific to help make this work.

For the time being we have saved that branch. This ensures continued service to the community, a local shop remains tenanted, and our local employees still have a job. Now that the branch is in profit, it will contribute to shareholder dividends and very importantly, be able to fund community projects and sponsorships in its own right. It is not up to our other four communities to provide a banking service and community dividend for the Doreen and Mernda precinct.

It is up to all of us now to get behind this branch and make it work long term. For shareholders it is your capital that invested in the business to open a branch in Doreen. We need you to support the business and be an advocate for that business. It really is a case of this is your investment and if you want to see it succeed you will need to support it.

We did experience an improvement in margins in the last quarter of 2022 financial year and expect that trend to continue over the next 12 months. It would appear that we can expect a low volume growth but an improvement in the margins delivering improved profits for our business in the 2023 financial year.

We are a people business, and the quality of our staff is key to its' success. I want to acknowledge our Senior Manager, Tina Elmer for a terrific job, our Branch Managers, Jason Dirkx, Crissie Boukouris and Ali Hussein and their teams, who have delivered great branch results over the last 12 months and finally our Mobile Lending Team Darren Gray, Sam Biffi and Michael Slaughter who all met their budget targets and worked tirelessly to deliver great results.

I thank the Board for their continued support for my work. We have been in a constant state of change as we see the banking industry continue to transition to an online service and reduced branches across Australia. The Board has acknowledged the need to keep abreast of these changes and to continue to streamline the cost of running our business and review each branch set up as property leases become due for renewal.

The Board has adopted a strategy to retain a presence within each of the communities we serve to the best of our ability. That will inevitably lead to change in the size of our branches, the layout of those branches and the staff structure and expertise required to run each branch.

I read last year numerous bank branches of various brands closed across Australia in 2021. I see claims that one of the four major banks have closed more than two hundred branches in the last year alone.

Your Community Bank group still believes in the value of providing a banking service locally and retaining the facility within the retail precincts to support the community. We intend to retain the service enabling customers to walk into a branch or phone in and to be able to talk to a real person. That service will continue to provide plenty of opportunity to grow our business, remain viable and profitable.

It is up to all of us to advocate and support our own business to ensure it continues to deliver remarkable community dividends and excellent shareholder fully franked dividends we have all enjoyed over the years.

Finally, I would also like to say a big thank you to our Chair Malcolm Hackett who puts in an enormous amount of time and effort toward our business and our corporate administration team. We have Melinda De Bolfo who coordinates our marketing, grants, and sponsorships programs and who has done an incredible job setting up our pop up retail space for the Doreen-Mernda Branch. Carla Lewis, Office Manager, Company Secretary Assistant and my Executive Assistant and Louise Danson, the Administration Assistant, who without her assistance the office wouldn't run as smoothly. They continue to work behind-the-scenes ensuring a smooth well-coordinated operation.

I look forward to the next 12 months and feel extremely optimistic of the continued success of our business.

Barry Henwood
Executive Director

Mobile Lending Team.

Left to right: Darren Gray, Sam Biffi & Michael Slaughter.

As part of our strategic plan, our mobile lending team is continuing to provide a service designed around our customers. Darren Gray, Sam Biffi and Michael Slaughter have the local knowledge and know-how to give our customers great old-fashioned service.

Darren Gray

Darren has over 30 years of home lending experience right across metropolitan Melbourne and beyond. He thrives on delivering an unmatched customer experience and is proud to say he is a trusted advisor to his many clients. He has unparalleled experience in lending and especially in the more complex scenarios involving lifestyle type properties and as such has found a way to help many customers other Banks have rejected. Darren not only services the Northern suburbs in general including the Kinglake ranges, but he will also travel far and wide to meet his clients at the best location and time suited to those clients. Darren has worked for the big banks for many years and has been with Bendigo and Adelaide Bank since April 2016. He has led teams of lenders as an Area Manager and is an experienced banker. Most of all he truly loves helping people achieve their dreams. With background experience in real estate and accounting, he works with clients to achieve amazing outcomes using a holistic approach and ensuring he gives them the best deal he can every customer every time. For further enquiries, please call Darren anytime on 0417 167 390 or via email darren.gray@bendigoadelaide.com.au

Sam Biffi

Sam is an experienced lender and has been involved in the financial services industry for over 35 years. He can offer different options of consumer home/small business lending and being a mobile lender, he can meet you in all areas of Melbourne metro during business hours or after hours. Sam delivers tailored solutions in your lending enquiry and his aim is to help you build retirement wealth and long-term assets at any stage of your life. Sam will use his experience to find the right solution for you, explain every aspect of the process and most importantly keep your stress minimised throughout your enquiry.

Whether it be at your home, at your work or a café near you, he looks forward to working with you soon. Sam can be contacted on 0425 711 236 or via email sam.biffi@bendigoadelaide.com.au

Michael Slaughter

Michael is here to make things easy for you! With almost 15 years' experience in Finance and a Diploma in Financial Services he has the experience to help you achieve your goals! He is available outside of banking hours including weekends and can meet you in your home, your workplace or even a café, at a time that is convenient for you.

He specialises in finance for;

- First Home Buyers
- Investment Properties
- Refinancing & Debt Consolidation

Getting you a loan is only the beginning of the journey with Michael. He stay's connected with his clients and ensures the loan product and service provided continues to meet with the changes that occur through the varies phases of your life. Call him on 0498 002 137 or email michael.slaughter@bendigoadelaide.com.au

Senior Manager's report.

Should say Senior Manager's Report Year Ending June 30 2022.

This financial year has been a whirlwind. We were faced with further lockdowns, and illness spread through our organisation. We managed to keep our branches open working with skeleton staff and knowing that our customers relied on us. We came through with another strong performance for the year.

The improvements put into place at the beginning of the pandemic in 2020 by the Bendigo and Adelaide Bank (Digital Document Signing; the ability to assist customers via the Internet banking platform) placed us in a good position to continue to deliver uninterrupted, quick, convenient service to our customers - and it has paid off.

We have a team of three very experienced and competent Mobile Relationship Managers who, during these uncertain times, have once again delivered the results we hoped for.

Our move to convert our traditional branch, Community Bank Doreen-Mernda to a cashless site in June 2021 is proving to be the right decision. We have been able to still perform non cash transactions, account opening, personal loans etc without compromising our already exemplary customer service by our two staff members, Kath King and Kemmy Joshi (who joined us in September 2021). The increase in profit and growth is a testament to the model and our hardworking Doreen staff.

Our deposit book continued to grow throughout the year depite the interest rate decreases.

Group Business Size June 2022 in millions

VCFS LTD	Balance as at;		GROWTH	GROWTH%
	30/06/2021	2021/22		
DEPOSITS	418,336	483,702	65,366	15.62
LENDING	337,487	382,226	44,739	13.25
TOTAL	755,823	865,928	110,105	14.56

Book Size by Branches and Growth YTD June 2022 in millions

DEPOSITS 2021/22	GROWTH	LENDING 2021/22	GROWTH	OVERALL GROWTH
HURSTBRIDGE				
169,060	20,701	138,962	515	33,590
DIAMOND CREEK				
125,369	12,009	76,708	12,075	24,084
KINGLAKE				
24,721	2,506	31,328	4,480	7,040
ELTHAM				
107,911	23,582	78,734	6,469	30,051
DOREEN/MERNDA				
56,641	6,514	56,494	8,826	25,340

Staff continue to work hard to ensure that their branches are compliant with all policy and procedures. Each branch is reviewed annually to ensure controls are in place to mitigate risks.

The results achieved in 2022 would not have been possible without the dedicated staff we have working at our branches. Their resilience in these times, once again shone through without fault. Thank you for the amazing work, support and genuine care you have demonstrated for our community and customers. The results speak for themselves!

To the Board of Directors, I also extend my gratitude. I, along with the staff, appreciate the support and assistance throughout the year.

To our amazing administration staff, Melinda De Bolfo, Louise Danson and Carla Lewis, we could not do what we do without you ladies. It is a pleasure to work with the three of you.

We will be heading into a very challenging financial year as we navigate our way through a competitive market. We have the right people in the right roles, and our desire to remain relevant and connected with our customers and community is our recipe for success.

"Interdependent people combine their own efforts with the efforts of others to achieve their greatest success" Stephen Covey.

Tina Elmer
Senior Manager

Treasurer's report.

For year ending June 30 2022.

Shareholders and stakeholders, I am pleased to report a sound result for 2022.

The positivity and enthusiasm our communities felt as we emerged from 2 years or uncertainty was reflected in their support for our Community Bank branches. Our business grew 14.6% during the year.

This growth enabled us to enjoy modest revenue growth (4.5% above 2021) in a competitive market. Combined with maintaining operating expenditure at 2021 level resulted in the 2022 operating profit being 37% better than our 2021 result.

During the year the Board continued to advance the strategy designed to strengthen shareholder value by early retirement of the loan attached to one of our Hurstbridge properties. The Company's net asset value per share now exceeds 1:1 and 2:1 for issued capital.

Focusing on containing cost as a percentage of revenue and moving from rented to owned branches is now starting to produce visible benefits and continuing that strategy places us on a springboard to accelerate business growth and shareholder value.

This year we also continued to support community organisations and sporting clubs, making sponsorships and grants totalling $126,668 and Branch Managers' marketing sponsorship of $45,000 as well as depositing $52,632 in the Community Enterprise Foundation® for future use.

2022 Dividend

Improved conditions during 2022 and an encouraging outlook for 2023 have prompted Directors to recommend that a dividend of 0.07 cents per share be paid for the 2022 financial year. It is anticipated this will be paid in October 2022.

The summary financial data and performance graphics which accompany this report are drawn from the audited financial statements for 2022 that are presented in the body of the 2022 Annual Report. I encourage you to turn to the audited financial statements for further detailed information about the Company's financial performance.

Phillip Burtt CPA (ASA)
Treasurer

$866.6 Million
Income Earning
Loans and Deposits
Up 14.6%

Customers – 17,154

$4.935 million Revenue
$922,777 Profit
(Before Tax, Community Grants and Sponsorships)

Investment in our communities
$126,668 - Grants and sponsorships
Branch Managers' marketing sponsorship of $45,000
$52,632 to the CEF for future community distributions

$162,075 | 4.0 Cents
Shareholder Distribution
(Fully franked per share October Month 2021)

13.7 Cents
Earnings per share

$1.036
Net Assets per share

Director's report.

For year ending June 30 2022.

The Directors present their report, together with the financial statements, on Valley Community Financial Services Ltd for the financial year ended 30 June 2022.

Board of Directors

The following persons were Directors of Valley Community Financial Services Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

Malcolm Hackett - OAM

Title: Independent Director / Chair

Qualifications: BA Dip. Ed

Experience & Expertise: Malcolm worked in the Victorian Education Department as a teacher, education consultant and school administrator for 34 years. He retired in 2008 having completed his career as the Principal of Diamond Valley College. Malcolm contributes his analytical and management skills and has broad knowledge of the rural and urban communities.

Carol Jenkinson

Title: Independent Director / Deputy Chair

Qualifications: Dip Business Studies (Travel & Tourism), IATA International Travel Consultant (ITC) and Certification for Training.

Experience & Expertise: Carol's background is travel and marketing and she is heavily involved in numerous groups including Hurstbridge Wattle Festival and School Council for Diamond Valley College.

Phillip Burtt

Title: Independent Director / Treasurer

Qualifications: B.Economics, CPA (ASA).

Experience & Expertise: Phillip is a Quality and Risk specialist and QMS (ISO 9001:2015) certification services consultant with clients in Social Services and Employment Services. Prior to moving into consulting, Phillip was a Student Housing specialist at leading Victorian and International Universities (University of Melbourne, La Trobe University and Arcadia University).

Heidi Crundwell

Title: Independent Director / Company Secretary

Qualifications: Bachelor of Business (Marketing)

Experience & Expertise: Heidi has worked as a Marketing and Centre Manager for the Diamond Creek Traders Association for over 14 years, and in her marketing consulting capacity has also worked for trader groups such as the Nillumbik Tourism Association, Yarra Valley and the Dandenong's Marketing Board, Yarra Glen and Macleod Village Traders. Heidi is currently a Project Manager at State Government, working in Policy Regulation and Reform, and an active member of the Mainstreet Australia committee.

Barry Henwood

Title: Non-Independent Director / Executive Manager

Qualifications: DipHort Sci, Grad Dip Acc.

Experience & Expertise: A small business operator for 35 years. Twenty-five years in retail operating Newsagency's, Post Office, and Tattersall outlets. Barry has had extensive community involvement throughout his life. This includes leadership roles from local tennis clubs, local church Parish, local level of a political party and foundation director of VCFS. He also chairs the East Gippsland Community Foundation.

Greg Paull

Title: Independent Director

Qualifications: Bachelor of Business (Accounting), CPA

Experience & Expertise: Greg is a registered builder and a Director of Transform Homes, a local construction company. He is an active member of the Rotary Club of Diamond Creek where he was President from 2015 to 2016. Greg lives in Yarrambat and has previously lived and worked overseas in a number of roles.

Philip Marendaz

Title: Non-Independent Director

Qualifications: FCPA, B.Comm, GradDip Accounting

Experience & Expertise: Philip's professional career has been in accounting and commercial management with major Australian public companies. He is a fellow of the Australian CPA's, a registered tax agent and runs his own accounting and business advisory practice based in Diamond Creek. He is also a past president of the Diamond Creek Traders Association, a director of the Arthurs Creek Community Centre and a member of Diamond Creek Rotary.

Gill Di Pasquale

Title: Non-Independent Director

Qualifications: Bachelor of Business Management, Graphic Design and Digital Marketing studies

Experience & Expertise: Gill is the owner/director of Gigliola Boutique, a local retail/online business for over 14 years. Gill's experience in staff management, business development, digital media, event planning, community engagement and marketing is beneficial to the Board. In particular she assists with planning and creating content for our social media channels.

Michael McBrien

Title: Independent Director

Qualifications: Bachelor of Management

Experience & Expertise: Michael is Key Account and Project Manager for Total Communications a brand for Paragon Care Group Australia Pty Ltd, where he manages accounts, projects, contractors, and staff.

Rob Charlesworth

Title: Independent Director

Qualifications:

Experience & Expertise: Rob has a thirty year history as a community volunteer, particularly with Scouts Victoria. A key role with Scouts Victoria was as Government and Community Engagement Manager responsible for the implementation of Scouts Victoria's growth strategy. Rob has also had extensive experience with community engagement and strengthening as Community Partnership and Engagement Officer with Sunbury and Cobaw Community Health, facilitating programs such a RU Ok, Sunbury Men's Shed and Sunbury Sons of the West.

Michael Maloney - Appointed November 2021

Title: Non-Independent Director

Qualifications:

Experience & Expertise: Michael enjoyed a distinguished 39 year career in banking particularly with Bendigo and Adelaide Bank Community Banking at Strathmore and then with Valley Community Financial Services as branch Manager and then a Mobile Relationship Manager. Michael is an active contributor to his local community, in particular with Eltham's sporting assocations and the Heidelberg Golf Club.

Daryl Brooke - Resigned November 2021

Title: Independent Director

Qualifications: NZ Certificate in Engineering Mechanical, GradDip Marketing Management, GradDip Industrial Production

Experience & Expertise: Daryl owns and operates Daryl Brooke & Associates, a business development consultancy providing intensive business coaching services - strategic and marketing planning advice, business and organisational assessment and change management guidance.

Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meeting	Audit	Policy	HR	Community Strenthening	Executive	Scoping	Finance
Malcolm Hackett OAM	11 (11)	4 (5)	9 (9)	9 (9)	3 (3)	2 (2)	8 (8)	10 (10)
Barry Henwood	11 (11)	--	8 (9)	9 (9)	2 (3)	1 (2)	67(8)	9 (10)
Phillip Burtt	11 (11)	4 (5)	9 (9)	--	1 (3)	2 (2)	--	10 (10)
Daryl Brooke	4 (4)	1 (1)	--	--	1 (1)	--	2 (2)	--
Philip Marendaz	9 (11)	--	--	--	--	--	--	10 (10)
Carol Jenkinson	11 (11)	--	7 (9)	--	3 (3)	2 (2)	7 (8)	10 (10)
Heidi Crundwell	10 (11)	5 (5)	--	--	1 (2)	2 (2)	5 (8)	4 (4)
Rob Charlesworth	7 (11)	--	--	--	2 (3)	--	--	--
Michael McBrien	8 (11)	4 (5)	--	9 (9)	1 (3)	--	--	--
Gill Di Pasquale	8 (11)	--	--	1 (1)	2 (2)	--	--	--
Michael Maloney	7 (7)	--	--	--	2 (2)	--	4 (4)	--
Greg Paull	10 (10)	--	--	--	--	--	--	10 (10)

A - The number of meetings eligible to attend.

B - The number of meetings attended.

- - Not a member of that committee.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Heidi Crundwell

Qualifications: Bachelor of Business (Marketing)

Experience & Expertise: Heidi has worked as a Marketing and Centre Manager for the Diamond Creek Traders Association for over 14 years, and in her marketing consulting capacity has also worked for trader groups such as the Nillumbik Tourism Association, Yarra Valley and the Dandenong's Marketing Board, Yarra Glen and Macleod Village Traders. Heidi is currently a Project Manager at State Government, working in Policy Regulation and Reform, and an active member of the Mainstreet Australia committee.

Principal Activities

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

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

Operating Results

The profit of the company for the financial year after provision for income tax was:

	30 June 2022 ($)	30 June 2021 ($)	Movement
Profit After Tax	554,998	370,801	50%

Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at July 1 2021	Changes During the Year	Balance at 30 June 2022
Malcolm Hackett - OAM	20,000	-	20,000
Carol Jenkinson	-	-	-
Phillip Burtt	-	-	-
Heidi Crundwell	30,000	(5,000)	25,000
Barry Henwood	11,000	-	11,000
Greg Paull	5,000	-	5,000
Philip Marendaz	5,000	-	5,000
Gill Di Pasquale	-	10,500	10,500
Michael McBrien	-	-	-
Rob Charlesworth	-	-	-
Michael Maloney	-	-	-

Dividends

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

	Cents per Share	Total Amount ($)
Final fully franked dividend	4.00	162,075
Total Amount	4.00	162,075

Options

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

Significant Changes in the State of Affairs

During the financial year, the Australian economy was greatly impacted by COVID-19. Bendigo and Adelaide Bank, as franchisor, announced a suite of measures aimed at providing relief to customers affected by the COVID-19 pandemic. The uncertain economic conditions has not materially impacted the company's earnings for the financial year. As the pandemic continues to affect the economic environment, uncertainty remains on the future impact of COVID 19 to the company's operations.

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

Director’s report. (continued)

For year ending June 30 2022.

Events Since the end of the Financial Year

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

Likely Developments

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

Environmental Regulations

The company is not subject to any significant environmental regulation.

Indemnification & Insurance of Directors & Officers

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

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

Proceedings on Behalf of the Company

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

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

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 (RSD Audit) for audit and non-audit services provided during the year are set out in Note 30 to the accounts.

The Board of Directors 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 are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- 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 on page 11 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Diamond Creek on 30th September 2022

Malcolm Hackett OAM
Chair/Director

Dated this 30th day of September, 2022

rsd Audit

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Bendigo, Victoria
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admin@rsdaudit.com.au
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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Valley Community Financial Service Limited

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

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Date: 30 September 2022

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements.

For year ending June 30 2022.

Statement of profit or loss and other comprehensive Income.

	Note	2022 $	2021 $
Revenue			
Revenue from contracts with customers	7	4,769,723	4,556,162
Other revenue	8	165,399	163,787
Finance income	9	330	1,347
		4,935,452	4,721,296
Expenses			
Employee benefits expense	10	(2,753,289)	(2,546,723)
Depreciation and amortisation	10	(424,127)	(485,351)
Finance costs	10	(30,585)	(10,795)
Administration and general costs		(370,956)	(335,931)
Occupancy expenses		(212,306)	(193,393)
IT expenses		(143,781)	(165,072)
Auditor remuneration		(12,144)	(11,732)
Marketing & Promotion		(42,249)	(37,048)
Other expenses		(23,238)	(262,171)
		(4,012,675)	(4,048,216)
Operating profit before charitable donations and sponsorship		922,777	673,080
Charitable donations and sponsorship	10	(179,300)	(158,550)
Profit before income tax		743,477	514,530
Income tax expense	11	(188,479)	(143,729)
Profit for the year after income tax		554,998	370,801
Profit attributable to the ordinary shareholders of the company		554,998	370,801
Total comprehensive income attributable to ordinary shareholders of the company		554,998	370,801

Earnings per share		¢	¢
- basic and diluted earnings per share	32	13.70	9.15

Statement of Financial Position

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	12	821,219	730,393
Trade and other receivables	13	466,411	378,055
Financial assets	14	14,103	13,941
Current tax asset	20	-	22,744
Other assets	15	29,920	42,940
Total current assets		1,331,653	1,188,073
Non-current assets			
Property, plant and equipment	16	2,093,767	2,068,505
Right-of-use assets	17	603,041	771,880
Investment property	18	2,395,368	2,395,368
Intangible assets	19	210,737	325,585
Deferred tax assets	20	51,260	55,652
Total non-current assets		5,354,173	5,616,990
Total assets		6,685,826	6,805,063
Liabilities			
Current liabilities			
Trade and other payables	21	311,122	289,248
Current tax liability	20	88,810	-
Borrowings	22	60,080	114,302
Lease liabilities	23	248,362	238,098
Employee benefits	24	269,097	266,267
Total current liabilities		977,471	907,915
Non-current liabilities			
Trade and other payables	21	153,210	229,815
Borrowings	22	923,955	1,241,001
Lease liabilities	23	381,290	552,610
Employee benefits	24	48,872	65,617
Total non-current liabilities		1,507,327	2,089,043
Total liabilities		2,484,798	2,996,958
Net assets		4,201,028	3,808,105
Equity			
Issued capital	25	2,055,876	2,055,876
Retained earnings	26	2,145,152	1,752,229
Total equity		4,201,028	3,808,105

Statement of Changes in Equity

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		2,055,876	1,502,985	3,558,861
Comprehensive income for the year				
Profit for the year		-	370,801	370,801
Transactions with owners in their capacity as owners				
Dividends paid or provided	31	-	(121,557)	(121,557)
Balance at 30 June 2020		**2,055,876**	**1,752,229**	**3,808,105**

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		2,055,876	1,752,229	3,808,105
Comprehensive income for the year				
Profit for the year		-	554,998	554,998
Transactions with owners in their capacity as owners				
Dividends paid or provided	31	-	(162,075)	(162,075)
Balance at 30 June 2022		**2,055,876**	**2,145,152**	**4,201,028**

Statement of Cash Flows

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		5,337,517	5,181,207
Payments to suppliers and employees		(4,213,351)	(3,980,985)
Interest paid		(30,585)	(22,815)
Interest received		447	1,667
Income tax paid		(72,532)	(125,887)
Net cash flows provided by operating activities	**27b**	**1,021,496**	**1,053,187**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		15,455	-
Transfer of Investment to short term deposit		-	119,329
Purchase of property, plant and equipment		(102,326)	(1,627,383)
Purchase of investments		(163)	(1,093,327)
Purchase of intangible assets		(76,605)	(17,859)
Net cash flows from/(used in) investing activities		**(163,639)**	**(2,619,240)**
Cash flows from financing activities			
Proceeds from borrowings		-	1,606,055
Repayment of borrowings		(371,269)	(250,752)
Repayment of lease liabilities		(233,687)	(251,135)
Dividends paid		(162,075)	(121,556)
Net cash flows from/(used in) financing activities		**(767,031)**	**982,612**
Net increase/(decrease) in cash held		90,826	(583,441)
Cash and cash equivalents at beginning of financial year		730,393	1,313,834
Cash and cash equivalents at end of financial year	**27a**	**821,219**	**730,393**

Notes to the financial statements.

For year ending June 30 2022.

NOTE 1. CORPORATE INFORMATION

These financial statements and notes represent those of Valley Community Financial Services Ltd (the Company) as an individual entity. Valley Community Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 30th September 2022.

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

NOTE 2. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Banks branches:

- Hurstbridge Community Bank
- Diamond Creek Community Bank
- Eltham Community Bank
- Doreen-Mernda Community Bank
- *Kinglake* Bendigo and Adelaide Bank

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo and Adelaide 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 and Adelaide Bank, using the name "Bendigo and Adelaide Bank" and the logo and system of operations of Bendigo and Adelaide Bank. The company manages the Community Bank on behalf of Bendigo and Adelaide Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo and Adelaide Bank.

All deposits are made with Bendigo and Adelaide Bank, and all personal and investment products are products of Bendigo and Adelaide 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 and Adelaide Bank, must be approved by Bendigo and Adelaide Bank. All credit transactions are made with Bendigo and Adelaide Bank, and all credit products are products of Bendigo and Adelaide 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 and Adelaide 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.

Notes to the financial statements. (continued)

For year ending June 30 2022.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bendigo and Adelaide 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
- 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.

(b) Revenue From Contracts With Customers

The company has entered into a franchise agreement with Bendigo and Adelaide Bank. The company delivers banking and financial services of Bendigo and Adelaide 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
Franchise agreement profit share
Includes
Margin, commission and fee income
Performance Obligation
When the company satisfies its obligation to arrange the servies to be provided to the customer by the supplier (Bendigo & Adelaide Bank)
Timing of Recognition
On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days of month end.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank 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

Deposit returns (i.e. interest return applied by Bendigo and Adelaide Bank on deposits)

MINUS

Any costs of funds (i.e. interest applied by Bendigo and Adelaide Bank to fund a loan)

The company is entitled to a share of the margin earned by Bendigo and Adelaide 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 and Adelaide Bank entities including fees for loan applications and account transactions.

Core Banking Products

Bendigo and Adelaide 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 and Adelaide Bank branded home loans, term deposits and at call deposits.

Ability to Change Financial Return

Under the franchise agreement, Bendigo and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) Other Revenue

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	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 Goods and Services Tax (GST).

Discretionary Financial Contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank has also made Marketing Development Fund 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 Marketing Development Fund.

The payments from Bendigo and Adelaide 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 and Adelaide Bank.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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.

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.

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 estimate future cash outflows.

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

(e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current Income 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.

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.

Goods & Services Tax

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.
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the 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.

(f) Cash & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Rate
Buildings / Property	Not Applicable	n/a
Leasehold improvements	Straight Line and Diminishing Value	4 to 5%
Plant & equipment	Straight Line and Diminishing Value	25 -75%
Motor vehicles	Diminishing value	25%
Investment Property	Not Applicable	n/a

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

(h) Intangible Assets

Intangible assets of the company include the franchise fees paid to Bendigo and Adelaide Bank conveying the right to operate the Community Bank franchise.

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset Class	Method	Useful Life
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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, leases.

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification & Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial Assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial Liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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.

(j) Impairment

Non-derivative Financial Instruments

The company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECL's 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.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of ECL in Financial Statements

At each reporting date, the entity recognises the movement in the loss allowance 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 and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide 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 and Adelaide Bank and found no instances of default. As a result no impairment loss allowance 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 amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets

(k) Issued Capital

Ordinary Shares

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases

As Lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 zero.

Short-term Leases & Leases of Low-value Assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

As Lessor

The company has three investment properties where it is a party in an arrangement where it is a lessor.

(m) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 January 2020 that are expected to have a significant impact on the company's financial statements.

(n) Comparative Figures

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

NOTE 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES & ASSUMPTIONS

During preparation of the financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 23 - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
(b) Lease term	Whether the company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: • the amount • the lease term • economic environment • any other relevant factors

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2022 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 20 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised.
Note 3(g) & (h) - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset.
Note 24 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases though promotion and inflation.

NOTE 5. FINANCIAL RISK MANAGEMENT

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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 utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

(a) 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 has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

Notes to the financial statements. (continued)

For year ending June 30 2022.

NOTE 5. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) 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.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2022		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	673,518	262,569	410,949	-

(c) 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. There is no exposure to the company in regard to commodity price risk.

Cash Flow & Fair Values Interest Rate Risk

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

The company held cash and cash equivalents of $821,219 at 30 June 2022 (2021: $730,393). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

NOTE 6. CAPITAL MANAGEMENT

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

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

The distribution limit is the greater of:

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

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2022 can be seen in the statement of profit or loss and other comprehensive Income.

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

NOTE 7. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2022 $	2021 $
Revenue		
- Revenue from contracts with customers	4,769,723	4,556,162
	4,769,723	**4,556,162**

Disaggregation of Revenue From Contracts With Customers		
- Margin income	4,255,102	4,072,145
- Fee income	282,077	280,196
- Commission income	232,544	203,821
	4,769,723	4,556,162

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

NOTE 8. OTHER REVENUE

The company generates other sources of revenue as outlined below.

	2022 $	2021 $
Other Revenue		
- Net Rental Income	87,524	81,287
- Other Income	20,375	-
- Market Development Fund income	57,500	82,500
	165,399	163,787

NOTE 9. FINANCE INCOME

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2022 $	2021 $
Finance Income		
At amortised cost:		
- Distribution from Investments	305	1,284
- Interest from term deposits	25	63
	330	1,347

NOTE 10. EXPENSES

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2022 $	2021 $
Employee Benefits Expense		
- Wages & salaries	2,413,003	2,181,953
- other costs including Superannuation costs	340,286	364,770
	2,753,289	2,546,723

NOTE 10. EXPENSES (CONTINUED)

(b) Depreciation & Amortisation Expense

	2022 $	2021 $
Depreciation of Non-current Assets		
- leasehold improvements	(19,285)	(20,927)
- plant and equipment	(29,112)	(22,097)
- motor vehicles	(19,412)	(7,255)
	(67,809)	**(50,279)**
Depreciation of Right-of-use Assets		
- leased buildings	241,470)	(294,374)
	(241,470)	**(294,374)**
Amortisation of Intangible Assets		
- franchise fees	(64,856)	(65,710)
- establishment costs	(49,992)	(74,988)
	(114,848)	**(140,698)**
Total depreciation & amortisation expense	**(424,127)**	**(485,351)**

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Finance Costs

	2022$	2021 $
Finance Costs		
- Interest paid	30,585	10,795
	30,585	**10,795**

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

(d) Community Investments & Sponsorship

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations and grants).

	Note	2022 $	2021 $
Community Investments & Sponsorship			
- Direct sponsorship and grant payments		126,668	132,234
- Contribution to the Community Enterprise Foundation™	10(e)	52,632	26,316
		179,300	**158,550**

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

(e) Community Enterprise Foundation™ Contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo and Adelaide Bank. These contributions paid in form part of community investments and sponsorship expenditure included in profit or loss.

	Note	2022 $	2021 $
Disaggregation of CEF Funds			
Opening balance		399,211	364,207
Contributions paid	10(d)	52,632	26,316
Grants refunded		-	(5,000)
Grants paid out		-	13,810
Interest received		2,469	2,450
GST		-	(1,256)
Management fees incurred		(2,631)	(1,316)
Balance available for distribution		**451,681**	**399,211**

NOTE 11. INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The Components of Tax Expense

	2022 $	2021 $
Current tax expense	184,086	125,887
Deferred tax expense	4,393	12,945
Under / (over) provision of prior years	-	4,897
	188,479	**143,729**

(b) Prima Facie Tax Payable

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2022 $	2021 $
Prima facie tax on profit before income tax at 25% (2021: 26%)	185,869	133,778
Add Tax Effect Of:		
- Under / (over) provision of prior years	-	4,897
- Non-deductible expenses	2,610	5,054
Income tax attributable to the entity	**188,479**	**143,729**
The applicable weighted average effective tax rate is:	**25.35%**	**27.93%**

NOTE 12. CASH & CASH EQUIVALENTS

	2022 $	2021 $
Cash at bank and on hand	333,849	243,309
Short-term bank deposits	487,370	487,084
	821,219	**730,393**

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

NOTE 13. TRADE & OTHER RECEIVABLES

	2022 $	2021 $
Current		
Trade receivables	457,476	369,526
Other receivables	8,935	8,529
	466,411	**378,055**

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

NOTE 14. FINANCIAL ASSETS

	2022 $	2021 $
At Amortised Cost		
Term deposits	7,901	7,881
Other Investments	6,202	6,060
	14,103	**13,941**

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

Notes to the financial statements. (continued)

For year ending June 30 2022.

NOTE 15. OTHER ASSETS

	2022 $	2021 $
Prepayments	24,494	34,898
Security bond	5,416	5,416
Other	10	2,626
	29,920	**42,940**

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

NOTE 16. PROPERTY, PLANT & EQUIPMENT

(a) Carrying Amounts

	2022 $		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Buildings	1,385,758	-	1,385,758
Leasehold improvements	739,674	(198,006)	541,668
Plant & equipment	653,473	(559,655)	93,818
Motor vehicles	92,592	(20,069)	72,523
	2,871,497	**(777,730)**	**2,093,767**

	2021$		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Buildings	1,385,758	-	1,385,758
Leasehold improvements	827,073	(266,120)	560,953
Plant & equipment	624,645	(548,949)	75,696
Motor vehicles	90,412	(44,314)	46,098
	2,927,888	**(859,383)**	**2,068,505**

(b) Movements in Carrying Amounts

2022	Buildings $	Leasehold Imp. $	Plant & Equipment $	Motor Vehicles $
Opening carrying value	1,385,758	560,953	75,696	46,098
Additions	-	-	47,234	55,091
Disposals	-	-	-	(9,254)
Depreciation expense	-	(19,285)	(29,112)	(19,412)
Closing carrying value	1,385,758	541,668	93,818	72,523

2021	Buildings $	Leasehold Imp. $	Plant & Equipment $	Motor Vehicles $
Opening carrying value	-	623,215	72,311	27,905
Additions	1,385,758	180,917	35,260	25,448
Disposals	-	(222,252)	(9,778)	-
Depreciation expense	-	(20,927)	(22,097)	(7,255)
Closing carrying value	1,385,758	560,953	75,696	46,098

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2022 (2021: $41,211).

NOTE 16. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

(d) 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 17. RIGHT-OF-USE ASSETS

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The company's lease portfolio includes buildings.

Options to Extend or Terminate

The option to extend or terminate are contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

AASB 16 Amounts Recognised in the Statement of Financial Position

	Leased Buildings $	Total ROU Asset $
Leased asset	844,511	844,511
Depreciation	(241,470)	(241,470)
	603,041	603,041

Movements in carrying amounts:

	Leased Buildings $	Total ROU Asset $
Recognised on initial application of AASB 16		
- Opening Balance	771,880	771,880
Additions	72,631	72,631
Depreciation expense	(241,470)	(241,470)
Net carrying amount	603,041	603,041

AASB 16 Amounts Recognised in the Statement of Financial Position

	2022 $	2021 $
Depreciation expense related to right-of-use assets	241,470	294,374
Interest expense on lease liabilities	30,915	31,732

NOTE 18. INVESTMENT PROPERTY

	2022 $	2021 $
Investment Property - at cost	2,395,368	2,395,368
	2,395,368	2,395,368

Investment property is measured initially at its cost, including transaction costs.

Subequent to initial recognition, the company has elected to measure investment property using the cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawan from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The property rental income from the company's investment properties, which are leased out under operating leases, amounted to $135,770. Direct operating expenses (including repairs and maintenance,interest) arising from the rental - generating investment properties amounted to $48,247. Net rental income of $87,524 included in the other revenue (note 8)

Rental income is recognised on a straight line basis over the term of the lease.

Company elected not to depreciate the investment properties, as the building is old and will not have much value to depreciate in accounts.

NOTE 18. INVESTMENT PROPERTY (CONTINUED)

(a) Reconciliation of the carrying value of investment property

	2022 $	2021 $
Opening Balance	2,395,368	1,322,041
Additions	-	1,073,327
Closing Balance	**2,395,368**	**2,395,368**

(b) Capital expenditure commitments

The entity does not have any capital expenditure commitments as at 30 June 2022 (2021: None).

(c) Fair value of investment property

As the properties was purchased recently and cost price is taken to be a reasonable estimate of the fair value as at 30th June 2022.

NOTE 19. INTANGIBLE ASSETS

(a) Carrying Amounts

2022	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	546,992	(336,255)	210,737
Community Bank @ Stadium naming rights	750,000	(750,000)	-
	1,296,992	**(1,086,255)**	**210,737**

2021	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	546,992	(271,399)	275,593
Community Bank @ Stadium naming rights	750,000	(700,008)	49,992
	1,296,992	**(971,407)**	**325,585**

(b) Movements in Carrying Amounts

2022	Franchise Fees $	Community Bank @ Stadium naming rights
Opening carrying value	275,593	49,992
Amortisation expense	(64,856)	(49,992)
Closing carrying value	**210,737**	**-**

2021	Franchise Fees $	Community Bank @ Stadium naming rights
Opening carrying value	17,024	124,980
Additions	324,279	-
Disposals	(65,710)	(74,988)
Closing carrying value	**275,593**	**49,992**

NOTE 20. TAX ASSETS & LIABILITIES

(a) Current Tax

	2022 $	2021 $
Income tax payable/(refundable)	88,810	(22,744)

(b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2022:

	30 June 2021 $	Recognised in P & L $	30 June 2022 $
Deferred Tax Assets			
- Expense accruals	12,806	4,800	17,606
- Prepayments	(8,725)	2,861	(5,864)
- Employee provisions	82,973	(3,480)	79,493
Total deferred tax assets	**87,054**	**4,181**	**91,235**
Deferred Tax Liabilties			
- Right-of-use assets	4,707	1,946	6,653
- Accrued income	(32)	30	(2)
- Property, plant & equipment	(36,077)	(10,549)	(46,626)
Total deferred tax liabilities	**(31,402)**	**(8,573)**	**(39,975)**
Net deferred tax asset	**55,652**	**(4,392)**	**51,260**

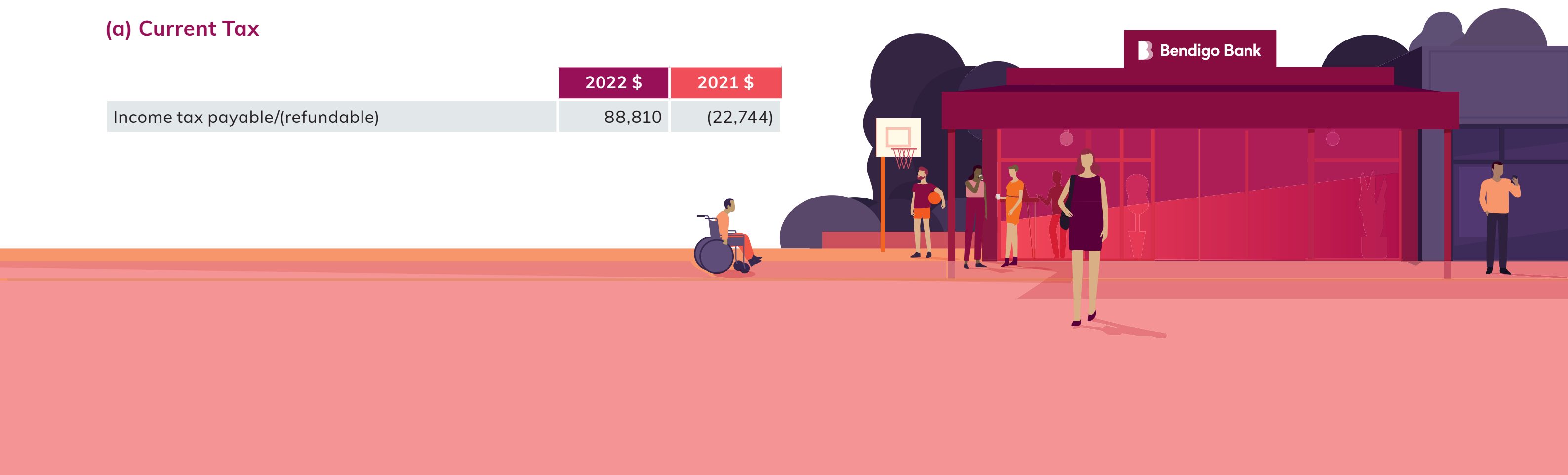
Movement in the company's deferred tax balances for the year ended 30 June 2021:

	30 June 2020 $	Recognised in P & L $	30 June 2021 $
Deferred Tax Assets			
- Expense accruals	17,291	(4,485)	12,806
- Prepayments	(14,108)	5,383	(8,725)
- Employee provisions	87,997	(5,024)	82,973
Total deferred tax assets	**91,180**	**(4,126)**	**87,054**
Deferred Tax Liabilties			
- Right-of-use assets	-	4,707	4,707
- Accrued income	(123)	91	(32)
- Property, plant & equipment	(17,563)	(18,514)	(36,077)
Total deferred tax liabilities	**(17,686)**	**(13,716)**	**(31,402)**
Net deferred tax asset	**73,494**	**(17,842)**	**55,652**

NOTE 21. TRADE & OTHER PAYABLES

Current	2022 $	2021 $
Trade creditors	160,706	160,721
Other creditors and accruals	150,416	128,527
	311,122	**289,248**
Non-Current		
Other creditors and accruals	153,210	229,815
	153,210	**229,815**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.



Notes to the financial statements. (continued)

For year ending June 30 2022.

NOTE 22. BORROWINGS

Current	2022 $	2021 $
Secured Liabilities		
Bank Loan	60,080	114,302
	60,080	**114,302**
Non-Current		
Secured Liabilities		
Bank loan	923,955	1,241,001
	923,955	**1,241,001**
Total borrowings	**984,035**	**1,355,303**

Loans

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

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

The company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 3.923%. This loan has been created to fund Lot 1, 808 Heidelberg - Kinglake Road, Hurstbridge Vic 3099 and 802a Heidelberg - Kinglake Road, Hurstbridge Vic 3099 and is secured by 808 and 802 Heidelberg - Kinglake Road, Hurstbridge.

NOTE 23. 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 on the adoption date. The discount rate used on recognition was 4.50%

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors)

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

(a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
Diamond Creek Branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in August 2009, options exercised with new lease started on Sep 2019. The lease has four further five year extension option available.
Eltham Branch	The lease agreement is a non - cancellable lease with an initial term of five years which commenced in August 2020. The lease has two further five year extention option available.
Kinglake Branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in August 2017. Exercised option of extending the lease for further five years starting from August 2022. The lease has one further five year extension option available.
Doreen Branch	The lease agreement is a non-cancellable lease with an initial term of three years which commenced in May 2021. The lease has one further three year extension option available.

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.

(b) Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2022 $	2021 $
Current	248,362	238,098
Non-current	381,290	552,610

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2022 were as follows:

NOTE 23. LEASE LIABILITIES (CONTINUED)

(b) Lease Liabilities (continued)

30 June 2022	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
Lease payments	262,569	377,401	33,548	-	673,518
Finance charges	-23,434	-18,481	-1,951	-	-43,866
Net present values	239,135	358,920	31,597	-	629,652

30 June 2021	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
Lease payments	258,287	248,990	347,371	-	854,648
Finance charges	-30,915	-20,653	-12,372	-	-63,940
Net present values	227,372	228,337	334,999	-	790,708

(c) Lease Payments Not Recognised as a Liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2022 $	2021 $
Variable lease payments	62,875	75,423
	62,875	**75,423**

Variable lease payments expensed on the basis that they are not recognised as a lease liability include rentals based on revenue from the use of the underlying asset and excess use charges on office equipment. Variable payment terms are used for a variety of reasons, including minimising costs for IT equipment with infrequent use. Variable lease payments are expensed in the period they are incurred.

Total cash outflows for leases for the year ended 30 June 2022 was $62,875 (2021: $75,423).

NOTE 24. EMPLOYEE BENEFITS

	2022 $	2021 $
Current		
Provision for annual leave	163,604	163,130
Provision for long service leave	105,493	103,137
	269,097	**266,267**
Non-Current		
Provision for long service leave	48,872	65,617
	48,872	**65,617**

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

Employee Attrition Rates

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

NOTE 25. ISSUED CAPITAL

(a) Issued Capital

	2022		2021	
	Number	$	Number	$
Ordinary shares - fully paid 1,996,014(3:1) Bonus shares issued for no consideration	4,051,890	2,055,876	4,051,890	2,055,876
	4,051,890	**2,055,876**	**4,051,890**	**2,055,876**

NOTE 25. ISSUED CAPITAL (CONTINUED)

Ordinary shares are classified as equity.

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

(b) Movements in share capital

	2022 $	2021 $
Fully paid ordinary shares:		
At the beginning of the reporting period	4,051,890	4,051,890
Shares issued during the year	-	-
At the end of the reporting period	**4,051,890**	**4,051,890**

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

NOTE 26. RETAINED EARNINGS

	Note	2022 $	2021 $
Balance at the beginning of the reporting period		1,752,229	1,502,985
Profit for the year after income tax		554,998	370,801
Dividends paid	31	(162,075)	(121,557)
Balance at the end of the reporting period		**2,145,152**	**1,752,229**

NOTE 27. CASH FLOW INFORMATION

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	Note	2022 $	2021 $
Cash and cash equivalents	12	821,219	730,393
As per the Statement of Cash Flows		821,219	730,393

(b) Reconciliation of cash flow from operations with profit/loss after income tax:

	2022 $	2021 $
Profit for the year after income tax	554,998	370,801
Non-cash flows in profit		
- Depreciation	309,279	344,653
- Amortisation	114,848	140,698
- Other items	-	(4,390)
- Bad debts	539	900
- Net loss on disposal of property, plant & equipment	**(6,201)**	**232,030**
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(88,776)	(23,383)
- Decrease in prepayments and other assets	12,903	13,905
- (Increase) / decrease in deferred tax asset	4,392	17,842
- Decrease in trade and other payables	133,105	(51,764)
- Increase in current tax liability	322	-
- Increase in provisions	(13,913)	11,895
Net cash flows from operating activities	**1,021,496**	**1,053,187**

NOTE 28. FINANCIAL INSTRUMENTS

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

NOTE 28. FINANCIAL INSTRUMENTS (CONTINUED)

	Note	2022 $	2021 $
Financial Assets			
Trade and other receivables	13	466,411	378,055
Cash and cash equivalents	12	821,219	730,393
Term deposits	14	7,901	7,881
Investment in managed funds	14	6,202	6,060
		1,301,733	**1,122,389**
Financial Liabilities			
Trade and other payables	21	464,332	519,063
Borrowings	22	984,035	1,355,303
Lease liabilities	23	629,652	790,708
		2,078,019	**2,665,07**

NOTE 29. RELATED PARTIES

(a) Key Management Personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key Management Personnel Compensation

	2022 $	2021 $
Short-term employee benefits	178,615	137,580
Post-employment benefits	24,462	18,545
Other long-term benefits	4,110	1,410
Total key management personnel compensation	**207,187**	**157,535**

Short-term Employee Benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment Benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other Long-term Benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(c) Other Related Parties

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

(d) Transactions With Key Management Personnel & Related Parties

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value $
JPM Advisory Group Pty Ltd – Related party of Director Philip Marendaz	Accounting Services	62,810

NOTE 29. RELATED PARTIES (CONTINUED)

(d) Key Management Personnel Shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(e) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

NOTE 30. AUDITOR'S REMUNERATION

The appointed auditor of Valley Community Financial Services Ltd for the year ended 30 June 2022 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2022 $	2021 $
Audit & Review Services		
Audit and review of financial statements (RSD Audit)	6,750	6,600
	6,750	**6,600**
Non-Audit Services		
Other non-audit services	5,394	5,132
	5,394	**5,132**
Total auditor's remuneration	**12,144**	**11,732**

NOTE 31. DIVIDENDS

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2022		2021	
	Number	$	Number	$
Fully franked dividend	4,051,890	162,075	4,051,890	121,557
Dividends provided for and paid during the year	4,051,890	162,075	4,051,890	121,557

The tax rate at which dividends have been franked is 25% (2021: 26%).

NOTE 32. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2022 $	2021 $
Profit attributable to ordinary shareholders	554,998	370,801
	Number	Number
Weighted average number of ordinary shares	4,051,890	4,051,890
	¢	¢
Basic and diluted earnings per share	13.70	9.15

NOTE 33. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

NOTE 34. COMMITMENTS & CONTINGENCIES

Any commitments for future expenditure associated with leases are recorded in Note 23. Details about any capital commitments are detailed in Note 16(c).

The company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

NOTE 35. COMPANY DETAILS

The registered office of the company is:

Valley Community Financial Services Ltd
8B, 75-77 Main Hurstbridge Road, Diamond Creek, 3099

The principal places of the business are:

- Hurstbridge, Victoria: 808 Main Road, Hurstbridge, Vic 3099
- Diamond Creek, Victoria: Shop 8, 75-77 Main Hurstbridge Road, Diamond Creek, Vic 3089
- Eltham, Victoria: Shop 3 , 958 Main Road, Eltham, Vic 3095
- Doreen Victoria: Shop 3a, 101 Hazel Glen Drive, Doreen, Vic 3754
- Kinglake, Victoria: Shop 4, 1 Victoria Road, Kinglake Vic 3763

Director's decloration.

In accordance with a resolution of the directors of Valley Community Financial Services Ltd, we state that:

In the opinion of the directors:

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

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

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

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

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

Malcolm Hackett OAM
Chair/Director

Dated this 30th day of September, 2022

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year then ended; 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. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

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

Director's Responsibility for the Financial Report

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

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

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rsd Audit

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Date: 30 September 2022

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Bendigo Bank