Annual Report 2022

Warrandyte Community Financial Services Limited

Community Bank Warrandyte

ABN 70 102 635 147

Contents

Chair's report

For year ending 30 June 2022

Overview of financial performance

Lockdown restrictions intermittently imposed during part of the last financial year again restricted our ability to get out and about to grow the business, however, I am pleased to report that the business overall remained positive. Expenditures for the same period were below budget.

The stable trading result has meant your Board has declared a dividend of 10 cents per share fully franked, payable to shareholders registered on the share register at 30 June 2022 (Record Date).

COVID-19 impact on trading hours

Unfortunately, COVID-19 and its variants has intermittently impacted our ability to provide uninterrupted access to banking services. Whilst every effort was made to maintain normal trading hours, on occasions, it became necessary to reduce opening hours due to staff illness and shortages and to ensure the continued wellbeing of staff. These measures were constantly reviewed so normal trading hours could resume as soon as it was possible to do so.

I and your Directors thank each member of our team for their terrific efforts in the provision of customer service to all our stakeholders during continued challenging trading conditions. We would also like to thank our customers for their understanding and patience as we work through these challenges.

Director movements

Darren Ryding and Lance Ward, both long serving Directors of your Community Bank, have resigned from the Board and I would like to take this opportunity to thank them for their time and commitment to the success of the Company and community.

During the year, we appointed two new Directors, Emma MacDougal and Paul McCarthy, both local residents and well connected within our local community groups. Emma and Paul bring legal and marketing skills respectively to your Board and will be standing for shareholder election at the November Annual General Meeting (AGM). Professional details of Emma and Paul can be found in the Explanatory Notes to the Notice of Meeting.

Staff movements

Chris Haggarty, Branch Manager left the Company in April to take up a career in an ancillary medical service. His career change was fully supported by the Board and we wish Chris every success in his new vocation.

Chris' departure required the Board to review our branch staffing given the decrease in branch visitations and an increase in both mobile and digital banking. The outcome of this review saw Stewart Gibb take on the role of Branch Operations Manager and Jessica King take on the newly created role of Associate Relationship Manager.

We have also appointed a new Customer Relationship Manager, Ryan Alves. Ryan joined us from National Australia Bank and brings extensive lending experience and capability to the team. Ryan commenced with us in early September. Please welcome Ryan to our team when you are next in branch.

As a local employer we were delighted to be able to offer these opportunities of professional growth and employment.

Community

As the table below shows, regrettably over the past two years there has been a gradual decline in our contributions committed to community projects due to COVID-19 restrictions and its resultant impact on our business. However, as restrictions now continue to diminish, we anticipate and are working hard towards exceeding the level of community contributions of pre pandemic years.

Financial Year	2021/22	2020/21	2019/20	2018/19
Grants & Sponsorships	$265,000	$300,000	$350,000	$370,000

This year due to the extraordinary efforts of our team, your Board has committed approximately $350,000 to community projects to feed into the continued long term prosperity of our community.

And finally, after a two year hiatus, we look forward to physically greeting our shareholders at the AGM and our community groups at the grants and sponsorship special night of nights, scheduled to immediately follow the AGM, where the whole team, Directors and staff, will be able to thank everyone for their business which strengthens the financial wellbeing of your Community Bank Company and enables us to strengthen our local communities.

Yours sincerely

Aaron Farr
Chair

Branch Operations Manager's report

For year ending 30 June 2022

With the support of our customers, we are extremely proud to have been able to support our community with community contributions of approximately $265,000 to local groups in the past twelve months. This means over $4.1 million in contributions have been allocated to our community since our inception in 2003.

This is something I am particularly proud of given the turbulent times we've experienced in the banking sector over the past 12 months.

The COVID-19 pandemic has created new and ongoing challenges for our customers, staff, families, and community, with many of us changing the way we do our banking. I am incredibly proud of our staff for keeping the branch open during a very trying and stressful time. They have shown professionalism and empathy as many of our customers work to existing and ever-changing restrictions. I would like to thank Chris (ex Branch Manager), Jessica, Jodie and Cameron for their efforts.

We now look forward to the days when we meet face-to-face with more of our customers and assure you that as an essential service, we are available in branch or by phone Monday to Friday to assist you with any financial service needs.

We said farewell to Chris Haggarty, and I thank Chris for his contributions to Community Bank Warrandyte and wish him the very best for his future endeavours.

During this time of uncertainty, our continued success is even more dependent upon the support of our customers and community. If you are not already banking with us, then I ask you for your support by:

- transferring your banking to Community Bank Warrandyte
- introducing Community Bank Warrandyte to the community groups and organisations with which you are personally involved
- asking community sponsorship and grant recipients (and their members) to transfer their banking to Community Bank Warrandyte
- inviting shareholders, existing customers, and Directors to not only bank with us but spread the word and advocate for Community Bank Warrandyte.

Community Bank Warrandyte is a real alternative to the major four banks. Our partnership with Bendigo Bank allows us to provide you with a range of Bendigo Bank lending, insurance, business and wealth creation products, together with an expanding digital banking platform.

We maintain our point of difference with pride. Every time you choose to bank with us, your local community benefits. Not only do our profits go back into your community, but we also give our customers choice about the way they choose to bank with us.

A strong commitment from Bendigo Bank to expand the digital banking platform will mean our customers have the choice to either conduct their banking online, or to continue to visit the branch and transact in a more traditional way. Whichever way you choose to bank, we are committed to assisting you.

Branch Operations Manager’s report (continued)

It is wonderful to see the impact Community Bank Warrandyte continues to have on our community. Our strength is the partnerships we have with the people of Warrandyte, Wonga Park, Park Orchards and surrounding areas.

Thank you to all the staff, past and present for their support in branch.

Thank you to the Board of Directors and administrative staff for your ongoing leadership, support and continued commitment of time and effort into impacting our community.

Thanks to our partner, Bendigo Bank, for its continued support and vision.

I would also like to thank our shareholders, who continue to support Community Bank Warrandyte and without whom we would not exist.

And finally, a big thank you to our community groups, local clubs and most of all our customers for choosing us as their Community Bank. Without our customers none of this is possible.

Your ongoing support and advocacy are what continues to drive our business and I look forward to another successful year ahead.

S. Gibb

Stewart Gibb
Branch Operations Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

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

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

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

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

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

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

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2022

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

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

Name:	Aaron Michael William Farr
Title:	Non-executive director
Experience and expertise:	B.Com., Grad Dip LP, LL.B. Principal Lawyer, Rush & Hampshire Barristers & Solicitors, Warrandyte. Captain, Wonga Park Fire Brigade.
Special responsibilities:	Chair, Member of Finance & Governance Committee.

Name:	Monica Isobel Piery
Title:	Non-executive director
Experience and expertise:	Boards and Committee Officer, with extensive corporate governance in ASX Listed companies.
Special responsibilities:	Vice Chair, Member of Finance & Governance Committee.

Name:	Leanne Whitmore
Title:	Non-executive director
Experience and expertise:	Chartered Accountant (CA) with experience in public practice accounting and private accounting. B.Com., B.Bus (Sys), Grad Dip ICAA.
Special responsibilities:	Treasurer, Member of Finance & Governance Committee

Name:	Clifford Dawson
Title:	Non-executive director
Experience and expertise:	Past experience in public practice as a business advisor, tax agent and registered company auditor. B.Ec, FCA.
Special responsibilities:	Member of Finance & Governance Committee.

Name:	John Gary Provan
Title:	Non-executive director
Experience and expertise:	Founding Director of Warrandyte Community Financial Services Limited. Former Builder Practioner - Commercial and Domestic. Previous banking experience.
Special responsibilities:	Nil

Name:	Claire Louise Jones
Title:	Non-executive director
Experience and expertise:	Variety of roles within the banking sector. BSC Hons Mathematics and Management Science.
Special responsibilities:	Member of Communications & Public Relations Committee.

Name:	Emma Lorne MacDougal
Title:	Non-executive director (appointed 6 December 2021)
Experience and expertise:	B.A., LL.B., LL.M. Lawyer.
Special responsibilities:	Member of Finance & Governance Committee.

Name:	Paul Anthony McCarthy
Title:	Non-executive director (appointed 7 March 2022)
Experience and expertise:	Founder of the Business Support Network Pty Ltd. Degree in Community Development, Certified Speaking Professional with 20 years experience in marketing, branding and communications.
Special responsibilities:	Member of the Communications & Public Relations Committee.

Name:	Lance Nicolai Ward
Title:	Non-executive director (resigned 4 August 2022)
Experience and expertise:	General Management, Sales and Marketing and Operations, Strategy Development and Execution. LL.B (Hons), PG Dip LP.
Special responsibilities:	Member of Communications & Public Relations Committee.

Name:	Darren Maurice Ryding
Title:	Non-executive director (resigned 28 November 2021)
Experience and expertise:	Experience in franchising, retail hospitality, automotive after-sales, manufacturing and financial services industries. B.Bus (Accounting), FCPA.
Special responsibilities:	Treasurer, Member of Finance & Governance Committee

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

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

- Jacqueline Anne Thompson was appointed company secretary on 6 December 2021.
- Clifford John Dawson was appointed company secretary on 18 November 2015 and ceased on 6 December 2021.

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

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

Review of operations
The profit for the company after providing for income tax amounted to $81,795 (30 June 2021: $56,428).

Operations have continued to perform in line with expectations.

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

	2022 $
Fully franked dividend of 9 cents per share (2021: 10 cents)	61,151

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

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

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

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

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

	Board		Communications & Public Relations Committee		Finance & Governance Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Aaron Michael William Farr	14	14	-	-	2	2
Monica Isobel Piery	14	14	-	-	2	2
Leanne Whitmore	14	14	-	-	2	2
Clifford John Dawson*	5	5	-	-	1	1
John Gary Provan	14	12	-	-	-	-
Claire Louise Jones	14	13	10	9	-	-
Emma Lorne MacDougal	7	7	-	-	1	1
Paul Anthony McCarthy	5	4	4	4	-	-
Lance Nicolai Ward	12	11	8	8	-	-
Darren Maurice Ryding	6	5	-	-	1	1

* Leave of absence from 1 July 2021 - 31 October 2021 and 1 April 2022 - 30 June 2022.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year $	Changes $	Balance at the end of the year $
Aaron Michael William Farr	1	-	1
Monica Isobel Piery	1	-	1
Leanne Whitmore	-	1	1
Clifford John Dawson	-	1	1
John Gary Provan	10,000	-	10,000
Claire Louise Jones	-	1	1
Emma Lorne MacDougal	-	-	-
Paul Anthony McCarthy	-	-	-
Lance Nicolai Ward	-	1	1
Darren Maurice Ryding	1	(1)	-

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

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

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

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

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

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

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

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

On behalf of the directors

Aaron Michael William Farr
Non-executive director

6 September 2022

Auditor's independence declaration

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 6 September 2022

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Warrandyte Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	2022 $	2021 $
Revenue from contracts with customers	6	1,160,610	1,089,587
Other revenue	7	-	44,956
Finance revenue	8	4,528	5,433
Employee benefits expense	9	(524,959)	(517,421)
Advertising and marketing costs		(19,400)	(19,982)
Occupancy and associated costs		(25,003)	(21,302)
System costs		(31,222)	(35,028)
Depreciation and amortisation expense	9	(90,387)	(93,518)
Finance costs	9	(26,264)	(18,641)
General administration expenses		(95,674)	(95,243)
Profit before community contributions and income tax expense		352,229	338,841
Charitable donations and sponsorships expense		(241,912)	(275,005)
Profit before income tax expense		110,317	63,836
Income tax expense	10	(28,522)	(7,408)
Profit after income tax expense for the year	21	81,795	56,428
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		81,795	56,428
		Cents	**Cents**
Basic earnings per share	29	12.04	8.30
Diluted earnings per share	29	12.04	8.30

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

Warrandyte Community Financial Services Limited
Statement of financial position
As at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	11	478,819	997,158
Trade and other receivables	12	128,851	104,305
Financial assets	13	780,151	278,500
Current tax assets	10	9,731	9,159
Total current assets		1,397,552	1,389,122
Non-current assets			
Property, plant and equipment	14	103,711	106,429
Right-of-use assets	15	729,166	462,609
Intangibles	16	13,221	26,443
Deferred tax assets	10	16,803	25,056
Total non-current assets		862,901	620,537
Total assets		2,260,453	2,009,659
Liabilities			
Current liabilities			
Trade and other payables	17	51,962	98,619
Lease liabilities	18	57,758	61,865
Employee benefits	19	42,688	30,973
Total current liabilities		152,408	191,457
Non-current liabilities			
Trade and other payables	17	-	14,592
Lease liabilities	18	698,207	417,514
Employee benefits	19	5,550	2,452
Total non-current liabilities		703,757	434,558
Total liabilities		856,165	626,015
Net assets		1,404,288	1,383,644
Equity			
Issued capital	20	657,286	657,286
Retained earnings	21	747,002	726,358
Total equity		1,404,288	1,383,644

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

Warrandyte Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2022

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		657,286	737,876	1,395,162
Profit after income tax expense		-	56,428	56,428
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(67,946)	(67,946)
Balance at 30 June 2021		657,286	726,358	1,383,644
Balance at 1 July 2021		657,286	726,358	1,383,644
Profit after income tax expense		-	81,795	81,795
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(61,151)	(61,151)
Balance at 30 June 2022		657,286	747,002	1,404,288

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

Warrandyte Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,259,386	1,247,331
Payments to suppliers and employees (inclusive of GST)		(1,090,127)	(1,064,358)
		169,259	182,973
Interest received		1,319	5,433
Income taxes paid		(20,841)	(48,447)
Net cash provided by operating activities	28	149,737	139,959
Cash flows from investing activities			
Payments for financial assets		(501,651)	(3,552)
Payments for property, plant and equipment		(9,325)	(4,918)
Payments for intangibles		(14,592)	(14,592)
Proceeds from disposal of property, plant and equipment		-	7,177
Net cash used in investing activities		(525,568)	(15,885)
Cash flows from financing activities			
Dividends paid	23	(61,151)	(67,946)
Repayment of lease liabilities	18	(81,357)	(76,496)
Net cash used in financing activities		(142,508)	(144,442)
Net decrease in cash and cash equivalents		(518,339)	(20,368)
Cash and cash equivalents at the beginning of the financial year		997,158	1,017,526
Cash and cash equivalents at the end of the financial year	11	478,819	997,158

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

Notes to the financial statements

For the year ended 30 June 2022

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 144-146 Yarra Street, Warrandyte VIC 3113.

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 6 September 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

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.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Note 5. Economic dependency

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

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

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

Note 5. Economic dependency (continued)

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

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

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

Note 6. Revenue from contracts with customers

	2022 **$**	**2021** **$**
Margin income	1,050,512	984,209
Fee income	56,665	56,750
Commission income	53,433	48,628
Revenue from contracts with customers	1,160,610	1,089,587

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2022 $	**2021 $**
Cash flow boost	-	44,956

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

Revenue stream	Revenue recognition policy
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).

All revenue is stated net of the amount of GST.

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

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

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

Note 8. Finance revenue

	2022 $	2021 $
Term deposits	4,528	5,433

Finance income is recognised when earned using the effective interest rate method.

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	4,506	4,516
Plant and equipment	4,389	3,886
Motor vehicles	3,148	4,175
	12,043	12,577
Depreciation of right-of-use assets		
Leased land and buildings	65,122	67,719
Amortisation of intangible assets		
Franchise fee	2,204	2,204
Franchise renewal process fee	11,018	11,018
	13,222	13,222
	90,387	93,518

Finance costs

	2022 $	2021 $
Lease interest expense	26,264	18,641

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	445,961	441,698
Superannuation contributions	44,080	43,111
Expenses related to long service leave	3,101	2,616
Other expenses	31,817	29,996
	524,959	517,421

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	14,456	15,856

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

Note 9. Expenses (continued)

Charitable donations, sponsorships and grants

	2022 $	2021 $
Direct donation, sponsorship and grant payments	104,962	103,705
Contribution to the Community Enterprise Foundation™	150,017	171,300
	254,979	275,005

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, sponsorships and grants).

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.

Community Enterprise Foundation™ contributions

	2022 $	2021 $
Disaggregation of CEF funds		
Opening balance	212,535	192,827
Contributions paid in	150,017	171,300
Grants paid out	(149,504)	(144,009)
Interest received	720	981
Management fees incurred	(9,658)	(8,564)
Balance available for distribution	204,110	212,535

During the financial year the company contributed funds to the Community Enterprise Foundation™ (CEF), the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations and sponsorship expenditure included in profit or loss.

Note 10. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	20,270	11,345
Movement in deferred tax	8,252	(5,524)
Under/over adjustment	-	1,587
Aggregate income tax expense	28,522	7,408
Prima facie income tax reconciliation		
Profit before income tax expense	110,317	63,836
Tax at the statutory tax rate of 25% (2021: 26%)	27,579	16,597
Tax effect of:		
Non-deductible expenses	943	912
Non-assessable income	-	(11,688)
	28,522	5,821
Under/over adjustment	-	1,587
Income tax expense	28,522	7,408

Note 10. Income tax (continued)

	2022 $	2021 $
Deferred tax assets		
Property, plant and equipment	-	4,193
Employee benefits	12,353	8,356
Lease liabilities	188,992	-
Accrued expenses	470	14,875
Income accruals	-	(246)
Right-of-use assets	(182,292)	-
Prepayments	(2,720)	(2,122)
Deferred tax asset	16,803	25,056

	2022 $	2021 $
Income tax refund due	9,731	9,159

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

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

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

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

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

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

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

Note 11. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	478,819	997,158

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks. Term deposits with a maturity period of less than three months are recorded as cash and cash equivalents. Where maturity periods exceed three months, these term deposits are recorded as financial assets.

Note 12. Trade and other receivables

	2022 $	2021 $
Trade receivables	116,654	94,834
Accrued income	1,319	984
Prepayments	10,878	8,487
	12,197	9,471
	128,851	104,305

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

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

Note 13. Financial assets

	2022 $	2021 $
Term deposits - at amortised cost	780,151	278,500

Accounting policy for financial assets
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.

Note 14. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	183,464	174,139
Less: Accumulated depreciation	(107,214)	(102,708)
	76,250	71,431
Plant and equipment - at cost	101,508	101,508
Less: Accumulated depreciation	(83,164)	(78,775)
	18,344	22,733
Motor vehicles - at cost	25,188	25,188
Less: Accumulated depreciation	(16,071)	(12,923)
	9,117	12,265
	103,711	106,429

Note 14. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2020	75,947	22,205	23,850	122,002
Additions	-	4,918	-	4,918
Disposals	-	(504)	(7,410)	(7,914)
Depreciation	(4,516)	(3,886)	(4,175)	(12,577)
Balance at 30 June 2021	71,431	22,733	12,265	106,429
Additions	9,325	-	-	9,325
Depreciation	(4,506)	(4,389)	(3,148)	(12,043)
Balance at 30 June 2022	76,250	18,344	9,117	103,711

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

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

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

Leasehold improvements	2.5 to 40 years
Plant and equipment	2 to 20 years
Motor vehicles	8 years

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

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

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

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

Note 15. Right-of-use assets

	2022 $	**2021 $**
Land and buildings - right-of-use	928,056	596,376
Less: Accumulated depreciation	(198,890)	(133,767)
	729,166	462,609

Note 15. Right-of-use assets (continued)

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

	Land and buildings $	Total $
Balance at 1 July 2020	514,071	514,071
Additions	16,257	16,257
Depreciation expense	(67,719)	(67,719)
Balance at 30 June 2021	462,609	462,609
Remeasurement adjustments	331,679	331,679
Depreciation expense	(65,122)	(65,122)
Balance at 30 June 2022	729,166	729,166

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

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

Refer to note 18 for more information on lease arrangements.

Note 16. Intangibles

	2022 $	**2021 $**
Franchise fee	11,018	11,018
Less: Accumulated amortisation	(8,815)	(6,612)
	2,203	4,406
Franchise renewal fee	55,093	55,093
Less: Accumulated amortisation	(44,075)	(33,056)
	11,018	22,037
	13,221	26,443

Note 16. Intangibles (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	6,610	33,055	39,665
Amortisation expense	(2,204)	(11,018)	(13,222)
Balance at 30 June 2021	4,406	22,037	26,443
Amortisation expense	(2,204)	(11,018)	(13,222)
Balance at 30 June 2022	2,202	11,019	13,221

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

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

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

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

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

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

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

Note 17. Trade and other payables

	2022 **$**	**2021** **$**
Current liabilities		
Trade payables	18,238	24,474
Other payables and accruals	33,724	74,145
	51,962	98,619
Non-current liabilities		
Other payables and accruals	-	14,592

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

Note 17. Trade and other payables (continued)

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

Note 18. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	83,589	78,791
Unexpired interest	(25,831)	(16,926)
	57,758	61,865
Non-current liabilities		
Land and buildings lease liabilities	828,924	466,179
Unexpired interest	(130,717)	(48,665)
	698,207	417,514

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	479,379	523,272
Remeasurement adjustments	331,679	13,962
Lease interest expense	26,264	18,641
Lease payments - total cash outflow	(81,357)	(76,496)
	755,965	479,379

Maturity analysis

	2022 $	2021 $
Not later than 12 months	83,589	78,791
Between 12 months and 5 years	334,356	315,528
Greater than 5 years	494,568	150,651
	912,513	544,970

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

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

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

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

Note 18. Lease liabilities (continued)

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

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

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

The company's lease portfolio includes:

Warrandyte branch	The lease agreement commenced in April 2018. The company has 2 x 5 year renewal options available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is May 2033. The discount rate used in calculations is 3.54%.

Remeasurement adjustments
The company has determined it is now reasonably certain to exercise the extension options available for the Warrandyte branch lease. As such a remeasurement of the right-of-use asset and lease liability occurred using the revised lease term end date of May 2033.

Note 19. Employee benefits

	2022 $	**2021** $
Current liabilities		
Annual leave	39,300	27,588
Long service leave	3,388	3,385
	42,688	30,973
Non-current liabilities		
Long service leave	5,550	2,452

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

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

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

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

Note 19. Employee benefits (continued)

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 estimated future cash outflows.

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

Note 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	679,460	679,460	679,460	679,460
Less: Equity raising costs	-	-	(22,174)	(22,174)
	679,460	679,460	657,286	657,286

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

Rights attached to issued capital

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

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

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

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

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

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

Note 20. Issued capital (continued)

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

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

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

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

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

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

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

Note 21. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	726,358	737,876
Profit after income tax expense for the year	81,795	56,428
Dividends paid (note 23)	(61,151)	(67,946)
Retained earnings at the end of the financial year	747,002	726,358

Note 22. Capital management

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

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

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

Note 22. Capital management (continued)

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

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

Note 23. Dividends

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

	2022 $	2021 $
Fully franked dividend of 9 cents per share (2021: 10 cents)	61,151	67,946

Dividends proposed but not recognised at balance date
Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 10 cents per share to be paid in October 2022. The financial impact of the dividend, amounting to $67,946 has not been recognised in the financial statements for the financial year ended 30 June 2022, and will be recognised in the subsequent financial statements.

	2022 $	2021 $
Fully franked dividend of 10 cents per share (2021: 9 cents)	67,946	61,151

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

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	414,152	386,089
Franking credits (debits) arising from income taxes paid (refunded)	20,841	48,447
Franking debits from the payment of franked distributions	(20,384)	(20,384)
	414,609	414,152
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	414,609	414,152
Franking credits (debits) that will arise from payment (refund) of income tax	(9,713)	(9,159)
Franking credits available for future reporting periods	404,896	404,993

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

Note 24. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	117,973	95,818
Cash and cash equivalents	478,819	997,158
Financial assets	780,151	278,500
	1,376,943	1,371,476
Financial liabilities		
Trade and other payables	51,962	113,211
Lease liabilities	755,965	479,379
	807,927	592,590

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

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

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

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

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

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

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

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

The company held cash and cash equivalents of $478,819 at 30 June 2022 (2021: $997,158). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Note 24. Financial instruments (continued)

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

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	51,962	-	-	51,962
Lease liabilities	83,589	334,356	494,568	912,513
Total non-derivatives	135,551	334,356	494,568	964,475

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	98,619	14,592	-	113,211
Lease liabilities	78,791	315,528	150,651	544,970
Total non-derivatives	177,410	330,120	150,651	658,181

Note 25. Key management personnel disclosures

The following persons were directors of Warrandyte Community Financial Services Limited during the financial year:

Aaron Michael William Farr
Monica Isobel Piery
Leanne Whitmore
Clifford John Dawson
John Gary Provan
Claire Louise Jones
Emma Lorne MacDougal
Paul Anthony McCarthy
Lance Nicolai Ward
Darren Maurice Ryding

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

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

Note 25. Key management personnel disclosures (continued)

Compensation
Key management personnel compensation comprised the following.

	2022 $	2021 $
Non-executive director remuneration	7,000	13,000

Compensation of the company's key management personnel includes fees and benefits paid to the non-executive Chair and non-executive Directors and is intended to compensate volunteer Directors for incurred expenses.

Note 26. Related party transactions

The following transactions occurred with related parties:

	2022 $	2021 $
The company used the bookkeeping services of a related party of one of its directors.	-	37,274

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

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditors of the company:

	2022 $	2021 $
Audit services - AFS		
Audit or review of the financial statements	2,100	-
Other services - AFS		
Taxation advice and tax compliance services	1,325	-
General advisory services	200	-
	1,525	-
	3,625	-
Audit services - RSD		
Audit or review of the financial statements	4,180	5,250
Other services - RSD		
General advisory services	-	3,100
	4,180	8,350

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

	2022 $	2021 $
Profit after income tax expense for the year	81,795	56,428
Adjustments for:		
Depreciation and amortisation	90,388	93,519
Net loss on disposal of property, plant & equipment	-	460
Lease liabilities interest	26,264	18,641
Bad debts	-	277
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(24,546)	4,836
Increase in income tax refund due	(572)	-
Decrease/(increase) in deferred tax assets	8,253	(3,937)
Decrease/(increase) in other operating assets	(1)	4,256
Increase/(decrease) in trade and other payables	(46,657)	3,592
Decrease in deferred tax liabilities	-	(37,102)
Increase in employee benefits	14,813	-
Decrease in other provisions	-	(1,011)
Net cash provided by operating activities	149,737	139,959

Note 29. Earnings per share

	2022 $	2021 $
Profit after income tax	81,795	56,428
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	679,460	679,460
Weighted average number of ordinary shares used in calculating diluted earnings per share	679,460	679,460
	Cents	Cents
Basic earnings per share	12.04	8.30
Diluted earnings per share	12.04	8.30

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Aaron Michael William Farr
Non-executive director

6 September 2022

Independent audit report

61 Bull Street
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03 5443 0344

Independent auditor's report to the Directors of Warrandyte Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Warrandyte Community Financial Services Limited's (the company), which comprises:

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

In our opinion, the accompanying financial report of Warrandyte 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 financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

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

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

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 6 September 2022

Joshua Griffin
Lead Auditor

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This Annual Report has been printed on 100% Recycled Paper

Bendigo Bank