Annual Report 2022

Whitehorse Community Enterprises Limited

Community Bank Blackburn South

ABN 67 106 202 304

Contents

Community Bank Blackburn South staff L-R: Peter Grierson (Branch Manager), Kelly Kerwin (Customer Relationship Manager), Madi Johnson (Customer Service Officer), Neha Patel (Customer Service Officer), Marcy Whitby (Customer Service Officer), Leanne Fyffe (Customer Service Officer), Ricky Hu (Mobile Relationship Manager).

Chairman's report

For year ending 30 June 2022

We have continued to make concerted efforts to reach out and engage with key Community Groups to provide support and assist them in post the immediate impact of the COVID-19 pandemic and associated lockdowns.

Our 18th year of operation has proven to be a period of recovery and re-establishment for our community post the impact of the COVID-19 pandemic. As was the case last year, the company continues to navigate this challenging period with a positive engagement within the City of Whitehorse whilst also ensuring the continued financial viability of the business.

This past financial year we have been able to maintain our strong financial position. Revenue was essentially flat at $1,109,319, profit after tax was down 6.4% at $168,373 and generally reflective of the prevailing low interest rate environment that was prevalent during most of this financial year. Earnings per share reduced from 27.37 cents per share to 25.63 cents per share. We continue to have a strong balance sheet with $1,379,058 in cash and cash equivalents (up from $1,321,381 in 2020/21) and $968,506 in retained earnings (up from $865,834 in 2020/21) for shareholders.

During the year our charitable donations, sponsorship, advertising and promotion activities reduced from $186,609 to $123,507 which is more closely aligned to our pre-COVID levels which was $139,603 in 2019. We have continued to make concerted efforts to reach out and engage with key Community Groups to provide support and assist them in post the immediate impact of the COVID-19 pandemic and associated lockdowns. We have maintain our approach of taking a considered and fiscally prudent position in our decision making to ensure that we have adequate funds available for the ongoing running of the company should we encounter unforeseen headwinds. We remain increasingly optimistic that in 2023 with increasing central bank rates that our profitability will rise, and we will be further capable of making contributions into our community and to our shareholders.

As ever none of this would not be possible without the dedication, commitment and focus of our branch staff. The team are ably led by our Manager Peter Grierson who continues to be a great asset to the organisation. I would like to acknowledge the fantastic contributions made by all our staff members who consistently go above and beyond to ensure that our customers are delighted, the community is effectively engaged, and shareholders value is enhanced. I would also like to recognise and thank the branch team who have continued to attend the office throughout the period of the pandemic and remain highly engaged with our business and the local community. Thank you all!

I would like to recognise and thank the work of all my fellow Directors. Shareholders have a Board working for the company that are highly committed, dedicated, skilled and engaged. Not a day goes by without my fellow Directors and I discussing issues that either improve Shareholder Value, Community Engagement, Employee Engagement or Customer Satisfaction. Thank you!

Finally, once again I would like to thank our shareholders for the trust that they put in our Board of Directors and myself as Chair. I would like to thank you for this privilege and trust that you show in us.

Yours sincerely,

David Stewart Spong
Chairman

Manager's report

For year ending 30 June 2022

I remain extremely proud to work for this amazing organisation and more importantly to know that we are making a significant contribution to our local community.

While the year ending 30 June 2022 continued to be challenging due to the tail end of COVID-19 restrictions and interest rate increases, I'm pleased to advise that Community Bank Blackburn South had a stellar year, in particular lending growth and increase in our customer numbers.

As we reached the end of the financial year, business under management totalled $247 million, representing an amazing year with footings growth of $20 million.

Customer numbers continue to grow (now over 4,000), reinforcing the ever-increasing positive profile and attractiveness of Community Banking. These results would not be possible without the following contributions. Firstly, to my staff who are the key driver of our business and of course, the frontline of our customer service. They are to be commended for continuing to provide a professional level of service during unprecedented times. To Kelly Kerwin, Leanne Fyffe, Neha Patel, Marcy Whitby and Madi Johnson, a huge thank you for your outstanding personal service, professionalism, enthusiasm, passion, and commitment to Community Bank Blackburn South.

On our sad note we saw our longstanding staff members Rosa Damino and Corey Lim move onto other opportunities, they were liked by staff and customers alike and we wish them all the best for the next phase of their careers

Secondly, to our Directors who work tirelessly to support our branch. The management of Community Bank Blackburn South presented numerous challenges during 2021/22 which were addressed in a diligent and professional manner. My relationship with the Chairman, David Spong and all Board members is something I value, as it provides a unique and positive environment for the continued growth of our business.

The Community Bank model provides real opportunities for our community, and I would welcome the opportunity to talk to you, your family, or your friends to see how we can assist you and in turn provide increased benefits to our community. Importantly, we offer a full range of competitive Bendigo Bank banking, financial planning, and insurance products to meet your needs. Why not give us a call?

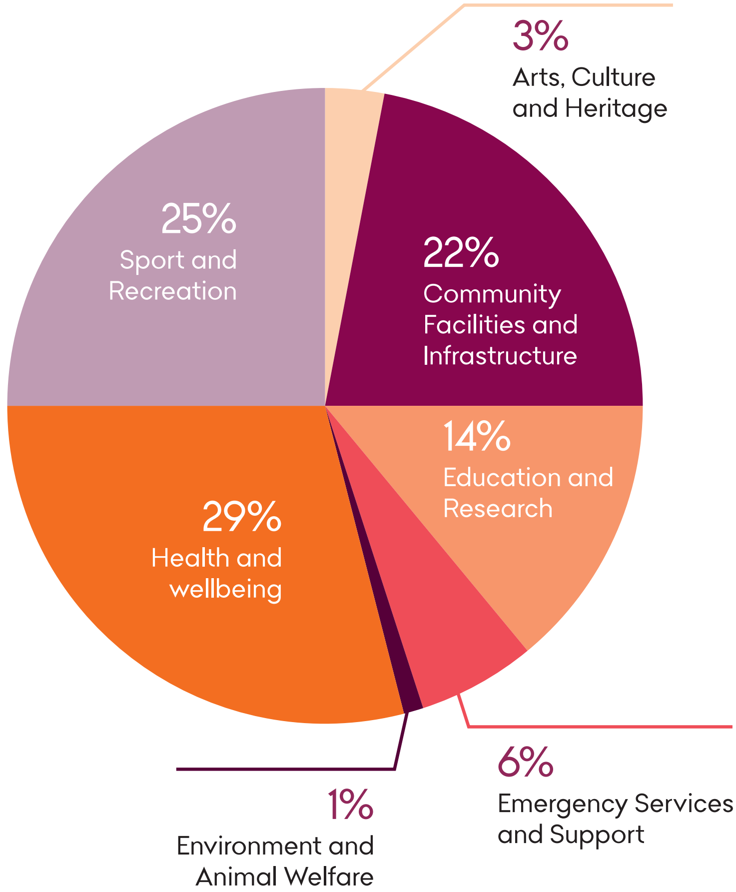
As the business grows, we are providing so many more people with outstanding banking products whilst we are also provided with the means to give back more to clubs and groups through our sponsorship and grants programs. I remain extremely proud to work for this amazing organisation and more importantly to know that we are making a significant contribution to our local community. May I again ask that you all continue to play your part in the growth of our bank by spreading the word about the very personal and professional banking services provided by Community Bank Blackburn South.

Peter Grierson
Branch Manager

Community Investment

Cumulative community contributions - to 30 June 2022

Area	Sum of Total
Arts, Culture and Heritage	$38,924
Community Facilities and Infrastructure	$264,869
Education and Research	$170,942
Emergency Services and Support	$65,681
Environment and Animal Welfare	$7,100
Health and Wellbeing	$344,242
Sport and Recreation	$304,132
Grand Total	**$1,195,890**



$153,207
Donations, sponsorships and promotion in 2021/22

299
Groups assisted since incorporation

4,055
Local customers at 30 June 2022

$1.379 million
In cash and cash equivalents at 30 June 2022

10¢
Dividend: 10 cent fully franked paid during in 2021/22

10
Directors working for Whitehorse Community Enterprises Limited

Glossary

Throughout this report we refer to particular terms. Here's what we mean by...

Footings means the total deposits, loan and other business held at a particular Community Bank. This is a measure of the banking business we look after for customers.

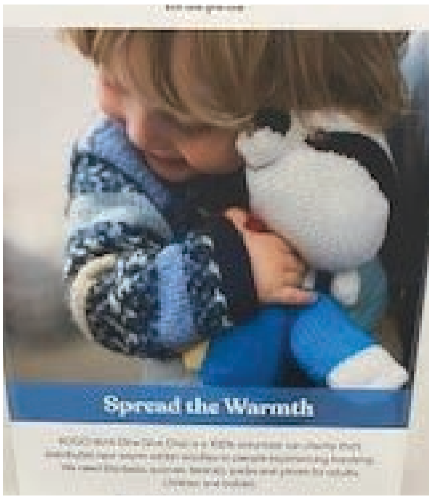
Community Investment means a contribution made by our company to a not-for-profit community-based organisation. This can be in the form of a sponsorship or a grant. Some are big while some are small, and may reflect the number of members from the community that have become customers.

Community Bank means a franchise of Bendigo and Adelaide Bank Limited that is operated by a public company owned by people in the community the branch operates in.

Oncology beanies

With the cooler weather it was thought a great way to engage our wonderful knitting community was to get some beanies knitted. At the time we were thinking of these going to an Oncology area for patients but due to COVID-19 they were not really accepting these outside donations. We then came across KOGO (Knit One Give One). This organisation has collection points spread across the suburbs. Once collected, KOGO then distribute to those who are vulnerable and disadvantage in our community.

We have handed over at least 300 beanies to KOGO.



Stocking the library shelves

This group of students contacted the board seeking funds for library books. COVID-19 played havoc with student fundraising attempts. The board agreed to surprise the group by not only allocating some funds towards this but to also match the fundraising amount.

LEOS club is a youth organisation of the Lions Club. Participants develop leadership and social skills as they work on various projects to benefit the community.

Diwali treats

With new staff member Neha comes new experiences for our staff. Neha provided staff with traditional outfits and yummy treats to taste.

East Burwood Football Club

This year we have been sponsors of EBFC. With our support a new electronic scoreboard was able to be installed. The club has had some great results this year.

EBFC have this year been able to field a girls team who took out the premiership flag for 2022.

RUOK Day

Staff have noticed how much more important this day is since COVID-19. Checking in and asking how someone is has become an important question.

Trauma Teddies

The previous year we embarked on a campaign of knitting Trauma Teddies for Red Cross. This particular campaign saw over 500 teddies handed over to the ladies at Red Cross.

We continue to receive these teddies at the branch and have probably handed over another 150. This has been a huge success in getting people involved. Through word of mouth and those who saw our window sign have spread the word and got other knitters involved. It seems to have given people something to do and a great way to get rid of wool!!

ESCABAGS

We hear about domestic violence everyday in the news. This is why we have become a stockist of Escape Bags for those in need. These bags have essential toiletries and a few other extras items in them. Bags are free to those that need with no questions asked.

We have also had our local community get involved by sewing tote bags for this organisation.

Chinese garden

Supported by the Bendigo Bank during 2021 and 2022, the Chinese Cancer & Chronic Illness Society of Victoria have been excited to slowly welcome back face-to-face support groups and gardening program amidst the ongoing lockdowns. Through this program, they have rejuvenated the vegetable patches and bought self-watering planters, pots and soil to grow vegetables for the Centre's meals program and fund-raising efforts. They also participated in multicultural festivals to raise awareness of sustainable gardening and shared gardening skills via meetings and chat groups..

Community Sponsorships in 2021/22

Blackburn Orioles Baseball Club

Forest Hill

Nunawading

Our Community Bank channels profits back to the community.

We aim to develop long-term prosperity by supporting programs that empower individuals and groups within the local community.

- **Round 1** applications must be submitted by **31 January**.
- **Round 2** applications must be submitted by **31 May**.
- **Round 3** applications must be submitted by **30 September**.

For further information refer to our website for contact details and the application form.

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

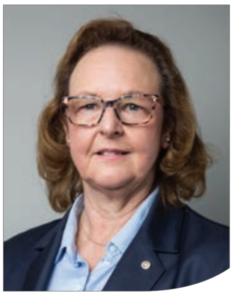
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

David Stewart Spong

Title: Chairman

Experience and expertise: David is the Australia and New Zealand Chief Financial Officer and Executive Director for Ericsson, working for both the Australian subsidiary and the parent company, LM Ericsson, since 1997. David's roles have included General Manager Finance, CFO & Finance Director (Saudi Arabia) and Group Business Controller for the Global Ericsson Organization. David has over twenty-five years corporate, SME and not for- profit experience and has worked in Sweden, Saudi Arabia, United Arab Emirates and Australia. Outside his executive career, David has been activity involved in local community not for profit organizations along with a strong engagement with CPA Australia Limited having held the role of Deputy Victorian President in 2014 and Non-Executive Director from 2014 to 2017. In addition to David's CPA involvement he was a member of the RMIT School of Accounting advisory board and was approached by The Prince's Accounting for Sustainability Project to assist in determining the viability of the establishment of an Australian and New Zealand chapter for this key focus area of the Prince of Wales. Bachelor of Business, FCPA (CPA Australia), GAICD (Australian Institute of Company Directors).

Special responsibilities: Member of the Finance Committee



Diane Elizabeth Fisher

Title: Deputy Chair

Experience and expertise: Diane is Principal of The Balance Approach Pty Ltd and has over 20 years consulting experience with a range of industries from health care delivery, financial services, to logistics, transport and utilities. Diane is a member of the Eastern Health - Expert Advisory Committee for Cognition, Mobility and Continence. Diane is a member of the Rotary Club of Box Hill Central.

Special responsibilities: Deputy Chair of the Community Engagement Committee

Andrew Stephen Munroe

Title: Non-executive director

Experience and expertise: Telecommunications Engineer - Telstra. Holds a Bachelor of Business degree from Royal Melbourne Institute of Technology. Past executive member and treasurer of a range of community organisations, many in the catchment area of the Blackburn South branch. Presently a City of Whitehorse Councillor of fourteen years standing, including three terms as Mayor 2021/13, 2014/15 and 2020/21.

Special responsibilities: Member of the Governance and HR Committee

Directors (continued)

Peter John Enlund

Title: Non-executive director

Experience and expertise: Fellow of the Institute of Chartered Accountants in Australia and New Zealand, admitted in 1977. Peter holds a Bachelor of Arts (Honours) degree with High Distinction from Monash University. Active member of the Rotary Club of Box Hill Central and a Rotarian for over 33 years. Treasurer of two not-for-profit entities 2015 – 2017. Peter has extensive experience in Australia and USA in a range of executive and Board positions such as Chief Operating Officer, Chief Financial Officer, Group General Manager – Finance and Administration and Company Secretary in a variety of businesses, including four Australian universities, two ASX-listed companies and Divisions of a major Australian ASX-listed manufacturer. Other current non-executive directorships are Global Academy of Technology Pty Ltd and Penrite Oil Co. Pty Ltd.

Special responsibilities: Chair of the Governance and HR Committee, Member of the Finance Committee, Company Secretary

Daniel Robert Watts

Title: Non-executive director

Experience and expertise: Dan is a Chartered Accountant and has a finance, accounting and reporting background. Dan is presently a senior finance manager with BHP and has led financial accounting, management accounting, tax accounting, merger and acquisition transactions and various finance project teams over the past ten years. Prior to BHP, Dan was a manager in the assurance and advisory service line of Deloitte in Australia and Canada. Dan was President of Blackburn Lake Primary School Council from 2017-2020 and has been actively involved in a number of community clubs.

Special responsibilities: Treasurer, Chair of the Finance Committee

Lelen Kemke

Title: Non-executive director

Experience and expertise: Lelen is an experienced tax and legal professional at the Australian Taxation Office with a focus on public and international entities. In her prior roles at PwC Melbourne and PwC Singapore, she advised multinational corporations across different industry lines in respect of mergers and acquisitions, restructures and initial public offerings. She has strong business skills having created and established an award-winning business with over 20 employees and led the operations and strategic direction of the business. She is a member of the Joint Community Grants Committee between Blackburn South Community Bank and Rotary Club of Box Hill Central. Lelen holds a Bachelor of Law and Bachelor of Arts (Psychology) from Monash University and Master of Taxation from the University of Melbourne.

Special responsibilities: Chair of the Community Engagement Committee

Priscilla Helen Mellado

Title: Non-executive director (appointed 3 August 2021)

Experience and expertise: Priscilla is a strategic marketing professional with over twenty years leadership experience in consumer-focused businesses across a range of industries including FMCG, retail, fast food, community radio broadcasting, telecommunications, international mission development and corporate wellbeing services. Currently in the Executive Team at Positive Media Inc home of 89.9 TheLight, Priscilla leads the brand and product strategy development for the organisation. Outside her corporate responsibilities, Priscilla is actively involved in not for profit community and missions organisations. Priscilla holds a Bachelor of Business (Marketing) and is a GAICD (Australian Institute of Company Directors)

Special responsibilities: Member of the Community Engagement Committee

Directors (continued)

Umberto Mecchi

Title: Non-executive director (appointed 3 August 2021)

Experience and expertise: Umberto is the Group Executive, Marketing, Corporate Relations, Policy and Stakeholder relationships at leading Industry super fund Hostplus. Prior to this appointment he was Founder and CEO of Mecchinism Pty Ltd – a marketing consultancy firm between 2019 and 2022. Past experiences include, Chief Marketing Officer at Hostplus where he managed the strategy, business intelligence, PMO, Client Sales and Services and the Marketing portfolios. Umberto's roles have included senior marketing positions with the ANZ Bank, National Mutual/AXA and Zurich Financial Services in addition to working as a campaign strategist for The Shannon Company agency. In 2017, Umberto was ranked 11th in the coveted CMO Top 50 list in Australia in recognition of his marketing Influence and Excellence. Umberto holds a Bachelor of Business (Marketing) from RMIT and a Graduate Diploma in Organisational Leadership from Melbourne Business School. In 2021 Umberto also became a Graduate of the Australian Institute of Company Directors. He is also a Board Director of the Boroondara Eagles Football Club.

Special responsibilities: Member of the Community Engagement Committees

Steven Mark Wright

Title: Non-executive director (appointed 1 October 2021)

Experience and expertise: Steven is a highly experienced senior executive and director that now runs his own management consulting company - ODIN360 - that specialises in the sport, tourism, major events and government sectors. He also sits on several boards and community groups. He is the former CEO of BIG4 Holiday Parks of Australia, Tourism & Events Queensland, Brisbane Lions AFC, Richmond Football Club and Australian Grand Prix Corporation. Steven holds a Master of Laws and a Bachelor of Economics from Monash University. Steven's other current directorships include East Gippsland Regional Water Corporation (EGRWC), Victoria Tourism Industry Council (VTIC) and South East Leisure Pty Limited (subsidiary of City of Greater Dandenong).

Special responsibilities: Nil

Karen Chan

Title: Non-executive director (resigned 20 February 2022)

Experience and expertise: BSC Human Resources, Executive Search and assessment at Russell Reynolds Associates since 2014.

Special responsibilities: Member of the Community Engagement Committee

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

Company secretary

The Company Secretary is Peter John Enlund. Peter was appointed to the position of Secretary from 1 July 2019.

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 $168,373 (30 June 2021: $179,793).

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 10 cents per share (2021: 10 cents)	65,701

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 attended by each of the directors' of the company during the financial year were:

	Board	
	Eligible	Attended
David Stewart Spong	11	11
Diane Elizabeth Fisher	11	11
Andrew Stephen Munroe	11	11
Peter John Enlund	11	9
Daniel Robert Watts	11	10
Lelen Kemke	11	10
Umberto Mecchi	10	10
Priscilla Helen Mellado	10	10
Steven Mark Wright	7	5
Karen Chan	3	3

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 notes 23 and 24 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 $
David Stewart Spong	-	-	-
Diane Elizabeth Fisher	8,500	-	8,500
Andrew Stephen Munroe	6,002	10,000	16,002
Peter John Enlund	1,000	-	1,000
Daniel Robert Watts	-	500	500
Lelen Kemke	-	-	-
Umberto Mecchi	-	-	-
Priscilla Helen Mellado	-	-	-
Steven Mark Wright	-	-	-
Karen Chan	-	-	-

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 25 to the accounts.

Non-audit services (continued)

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

David Stewart Spong
Chairman

26 September 2022

Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Whitehorse Community Enterprises Ltd

As lead auditor for the audit of Whitehorse Community Enterprises Ltd 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: 26 September 2022

Adrian Downing
Lead Auditor

Financial statements

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	1,109,319	1,105,689
Other revenue	7	5,460	34,132
Finance revenue		3,339	12,448
Employee benefits expense	8	(548,895)	(518,030)
Advertising and marketing costs		(9,597)	(7,291)
Occupancy and associated costs		(15,314)	(17,566)
System costs		(20,519)	(21,071)
Depreciation and amortisation expense	8	(70,298)	(69,657)
Finance costs	8	(7,076)	(8,836)
General administration expenses		(97,028)	(88,358)
Profit before community contributions and income tax expense		**349,391**	**421,460**
Charitable donations and sponsorships expense		(123,507)	(186,609)
Profit before income tax expense		**225,884**	**234,851**
Income tax expense	9	(57,511)	(55,058)
Profit after income tax expense for the year	**19**	**168,373**	**179,793**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**168,373**	**179,793**
		Cents	**Cents**
Basic earnings per share	27	25.63	27.37
Diluted earnings per share	27	25.63	27.37

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

Statement of Financial Position
as at 30 June 2022

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	10	1,379,058	1,321,381
Trade and other receivables	11	143,427	89,941
Current tax assets	9	15,702	-
Total current assets		**1,538,187**	**1,411,322**
Non-current assets			
Property, plant and equipment	12	94,683	107,335
Right-of-use assets	13	79,456	120,976
Intangibles	14	22,871	36,055
Deferred tax assets	9	13,888	14,413
Total non-current assets		**210,898**	**278,779**
Total assets		**1,749,085**	**1,690,101**
Liabilities			
Current liabilities			
Trade and other payables	15	142,370	79,648
Lease liabilities	16	47,849	43,756
Current tax liabilities	9	-	38,370
Employee benefits	17	78,472	94,072
Total current liabilities		**268,691**	**255,846**
Non-current liabilities			
Trade and other payables	15	-	14,744
Lease liabilities	16	37,813	83,168
Employee benefits	17	9,205	5,639
Total non-current liabilities		**47,018**	**103,551**
Total liabilities		**315,709**	**359,397**
Net assets		**1,433,376**	**1,330,704**
Equity			
Issued capital	18	464,870	464,870
Retained earnings	19	968,506	865,834
Total equity		**1,433,376**	**1,330,704**

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		464,870	751,742	1,216,612
Profit after income tax expense		-	179,793	179,793
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	179,793	179,793
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(65,701)	(65,701)
Balance at 30 June 2021		**464,870**	**865,834**	**1,330,704**
Balance at 1 July 2021		464,870	865,834	1,330,704
Profit after income tax expense		-	168,373	168,373
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	168,373	168,373
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(65,701)	(65,701)
Balance at 30 June 2022		**464,870**	**968,506**	**1,433,376**

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

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)		1,190,308	1,264,230
Payments to suppliers and employees (inclusive of GST)		(893,472)	(947,208)
		296,836	**317,022**
Interest received		3,339	12,448
Interest and other finance costs paid		(595)	(51)
Income taxes paid		(112,113)	(92,018)
Net cash provided by operating activities	**26**	**187,467**	**237,401**
Cash flows from investing activities			
Payments for intangibles		(13,404)	(13,404)
Net cash used in investing activities		(13,404)	(13,404)
Cash flows from financing activities			
Dividends paid	21	(65,701)	(65,701)
Repayment of lease liabilities	16	(50,685)	(49,207)
Net cash used in financing activities		**(116,386)**	**(114,908)**
Net increase in cash and cash equivalents		57,677	109,089
Cash and cash equivalents at the beginning of the financial year		1,321,381	1,212,292
Cash and cash equivalents at the end of the financial year	**10**	**1,379,058**	**1,321,381**

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 Whitehorse Community Enterprises Ltd (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 1/134 Canterbury Road, Blackburn South VIC 3130.

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 26 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.

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.

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

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.

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:

Note 5. Economic dependency (continued)

- 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	1,006,920	995,738
Fee income	56,801	57,947
Commission income	45,598	52,004
Revenue from contracts with customers	**1,109,319**	**1,105,689**

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

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

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

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

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

Revenue calculation

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

Margin

Margin is arrived at through the following calculation:

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

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

Note 6. Revenue from contracts with customers (continued)

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 $
Market development fund	5,460	-
Cash flow boost	-	34,132
Other revenue	**5,460**	**34,132**

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).
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.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

Note 7. Other revenue (continued)

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

Cash flow boost

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	10,843	11,021
Plant and equipment	1,772	2,305
Furniture and fittings	37	43
	12,652	**13,369**
Depreciation of right-of-use assets		
Leased land and buildings	**44,462**	**43,104**
Amortisation of intangible assets		
Franchise fee	2,197	2,197
Franchise renewal fee	10,987	10,987
	13,184	**13,184**
	70,298	**69,657**

Finance costs

Lease interest expense	6,481	8,785
Other	595	51
	7,076	**8,836**

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

Employee benefits expense

Wages and salaries	464,474	416,755
Superannuation contributions	45,168	41,652
Expenses related to long service leave	(9,617)	9,238
Other expenses	48,870	50,385
	548,895	**518,030**

Note 8. Expenses (continued)

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	**7,061**	**6,834**

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

Note 9. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	56,986	54,871
Movement in deferred tax	525	(390)
Reduction in company tax rate	-	577
Aggregate income tax expense	**57,511**	**55,058**
Prima facie income tax reconciliation		
Profit before income tax expense	**225,884**	**234,851**
Tax at the statutory tax rate of 25% (2021: 26%)	56,471	61,061
Tax effect of:		
Non-deductible expenses	1,040	2,294
Non-assessable income	-	(8,874)
Reduction in company tax rate	-	577
Income tax expense	**57,511**	**55,058**
Deferred tax assets/(liabilities)		
Property, plant and equipment	(10,008)	(12,427)
Employee benefits	21,919	24,928
Accrued expenses	425	425
Lease liabilities	21,416	31,731
Right-of-use assets	(19,864)	(30,244)
Deferred tax asset	**13,888**	**14,413**
Income tax refund due	**15,702**	**-**
Provision for income tax	**-**	**38,370**

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.

Note 9. Income tax (continued)

Accounting policy for deferred tax

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

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

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

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

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

Note 10. Cash and cash equivalents

	2022 $	2021 $
Cash at bank and on hand	355,539	51,202
Term deposits	1,023,519	1,270,179
	1,379,058	**1,321,381**

Accounting policy for cash and cash equivalents

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

Note 11. Trade and other receivables

	2022 $	2021 $
Trade receivables	**125,890**	**89,941**
Other receivables	10,244	-
Prepayments	7,293	-
	17,537	**-**
	143,427	**89,941**

Accounting policy for trade and other receivables

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

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

Note 12. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	239,596	239,596
Less: Accumulated depreciation	(155,080)	(144,237)
	84,516	**95,359**

Note 12. Property, plant and equipment (continued)

	2022 $	2021 $
Plant and equipment - at cost	54,856	54,856
Less: Accumulated depreciation	(44,988)	(43,216)
	9,868	**11,640**
Furniture and fittings - at cost	4,480	4,480
Less: Accumulated depreciation	(4,181)	(4,144)
	299	**336**
	94,683	**107,335**

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 $	Furniture and fittings $	Total $
Balance at 1 July 2020	106,380	13,945	379	120,704
Depreciation	(11,021)	(2,305)	(43)	(13,369)
Balance at 30 June 2021	**95,359**	**11,640**	**336**	**107,335**
Depreciation	(10,843)	(1,772)	(37)	(12,652)
Balance at 30 June 2022	**84,516**	**9,868**	**299**	**94,683**

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	5 to 40 years
Plant and equipment	2 to 40 years
Furniture and fittings	6 to 9 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 13. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	207,251	204,309
Less: Accumulated depreciation	(127,795)	(83,333)
	79,456	**120,976**

Note 13. 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	159,975	159,975
Remeasurement adjustments	4,105	4,105
Depreciation expense	(43,104)	(43,104)
Balance at 30 June 2021	**120,976**	**120,976**
Remeasurement adjustments	2,942	2,942
Depreciation expense	(44,462)	(44,462)
Balance at 30 June 2022	**79,456**	**79,456**

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 16 for more information on lease arrangements.

Note 14. Intangibles

	2022 $	2021 $
Franchise fee	93,917	93,917
Less: Accumulated amortisation	(90,095)	(87,897)
	3,822	**6,020**
Franchise renewal fee	169,577	169,577
Less: Accumulated amortisation	(150,528)	(139,542)
	19,049	**30,035**
	22,871	**36,055**

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	8,217	41,022	49,239
Amortisation expense	(2,197)	(10,987)	(13,184)
Balance at 30 June 2021	**6,020**	**30,035**	**36,055**
Amortisation expense	(2,197)	(10,987)	(13,184)
Balance at 30 June 2022	**3,823**	**19,048**	**22,871**

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.

Note 14. Intangibles (continued)

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)	March 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 2024

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 15. Trade and other payables

	2022 $	2021 $
Current liabilities		
Trade payables	29,701	30,751
Other payables and accruals	112,669	48,897
	142,370	**79,648**
Non-current liabilities		
Other payables and accruals	**-**	**14,744**

Accounting policy for trade and other payables

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

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

Note 16. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	51,687	50,181
Unexpired interest	(3,838)	(6,425)
	47,849	**43,756**
Non-current liabilities		
Land and buildings lease liabilities	38,765	87,818
Unexpired interest	(952)	(4,650)
	37,813	**83,168**

Reconciliation of lease liabilities

Opening balance	126,924	163,241
Remeasurement adjustments	2,942	4,105
Lease interest expense	6,481	8,785
Lease payments - total cash outflow	(50,685)	(49,207)
	85,662	**126,924**

Note 16. Lease liabilities (continued)

Maturity analysis

	2022 $	2021 $
Not later than 12 months	51,687	50,181
Between 12 months and 5 years	38,765	87,818
	90,452	**137,999**

Accounting policy for lease liabilities

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

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

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

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

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

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

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

The company's lease portfolio includes:

Blackburn South branch	The lease agreement commenced in April 2014. A 5 year renewal option was exercised in April 2019. The company has no renewal options available. As such, the lease term end date used in the calculation of the lease liability is March 2024. The discount rate used in calculations is 6.00%.

Note 17. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	42,537	44,954
Long service leave	35,935	49,118
	78,472	**94,072**
Non-current liabilities		
Long service leave	**9,205**	**5,639**

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.

Note 17. Employee benefits (continued)

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.

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 18. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	657,010	657,010	657,010	657,010
Less: Equity raising costs	-	-	(27,887)	(27,887)
Less: Return of capital (2009)	-	-	(59,131)	(59,131)
Less: Return of capital (2010)	-	-	(59,131)	(59,131)
Less: Return of capital (2011)	-	-	(45,991)	(45,991)
	657,010	**657,010**	**464,870**	**464,870**

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.

Note 18. Issued capital (continued)

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

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

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 19. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	865,834	751,742
Profit after income tax expense for the year	168,373	179,793
Dividends paid (note 21)	(65,701)	(65,701)
Retained earnings at the end of the financial year	**968,506**	**865,834**

Note 20. 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

Note 20. Capital management (continued)

- 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 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 21. Dividends

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

	2022 $	2021 $
Fully franked dividend of 10 cents per share (2021: 10 cents)	**65,701**	**65,701**

Franking credits

Franking account balance at the beginning of the financial year	348,148	279,214
Franking credits (debits) arising from income taxes paid (refunded)	112,113	92,018
Franking debits from the payment of franked distributions	(21,900)	(23,084)
	438,361	**348,148**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	438,361	348,148
Franking credits (debits) that will arise from payment (refund) of income tax	(15,702)	39,425
Franking credits available for future reporting periods	**422,659**	**387,573**

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 22. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	125,890	89,941
Cash and cash equivalents	1,379,058	1,321,381
	1,504,948	**1,411,322**
Financial liabilities		
Trade and other payables	142,370	94,392
Lease liabilities	85,662	126,924
	228,032	**221,316**

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.

Note 22. Financial instruments (continued)

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 $1,379,058 at 30 June 2022 (2021: $1,321,381). The cash and cash equivalents are held with Bendigo Bank, which are rated BBB+ on Standard & Poor's credit ratings.

Credit risk

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

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

Liquidity risk

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

Exposure to liquidity risk

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

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2022				
Non-derivatives				
Trade and other payables	142,370	-	-	142,370
Lease liabilities	51,687	38,765	-	90,452
Total non-derivatives	**194,057**	**38,765**	**-**	**232,822**

Note 22. Financial instruments (continued)

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2021				
Non-derivatives				
Trade and other payables	79,648	14,744	-	94,392
Lease liabilities	50,181	87,818	-	137,999
Total non-derivatives	**129,829**	**102,562**	**-**	**232,391**

Note 23. Key management personnel disclosures

The following persons were directors of Whitehorse Community Enterprises Ltd during the financial year:

David Stewart Spong
Umberto Mecchi
Peter John Enlund
Karen Chan
Lelen Kemke
Andrew Stephen Munroe
Steven Mark Wright
Diane Elizabeth Fisher
Priscilla Helen Mellado
Daniel Robert Watts

Key management personnel compensation comprised the following.

	2022 $	2021 $
Short-term and post-employment benefits	**31,212**	**22,000**

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

Note 24. Related party transactions

The following transactions occurred with related parties:

	2022 $	2021 $
The company secretary has provided the company with secretarial and board support services.	11,727	11,904

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

Note 25. Remuneration of auditors

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

	2022 $	2021 $
Audit services		
Audit or review of the financial statements	**5,200**	**5,000**
Other services		
Taxation advice and tax compliance services	750	600
General advisory services	2,890	5,770
Share registry services	3,630	3,514
	7,270	**9,884**
	12,470	**14,884**

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	168,373	179,793
Adjustments for:		
Depreciation and amortisation	70,298	69,657
Lease liabilities interest	6,481	8,785
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(53,486)	13,855
Increase in income tax refund due	(15,702)	-
Decrease in deferred tax assets	525	187
Increase/(decrease) in trade and other payables	61,382	(5,257)
Decrease in provision for income tax	(38,370)	(37,147)
Increase/(decrease) in employee benefits	(12,034)	7,528
Net cash provided by operating activities	**187,467**	**237,401**

Note 27. Earnings per share

	2022 $	2021 $
Profit after income tax	**168,373**	**179,793**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	657,010	657,010
Weighted average number of ordinary shares used in calculating diluted earnings per share	**657,010**	**657,010**

	Cents	Cents
Basic earnings per share	25.63	27.37
Diluted earnings per share	25.63	27.37

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Whitehorse Community Enterprises Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. 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

David Stewart Spong
Chairman

26 September 2022

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Independent auditor's report to the Directors of Whitehorse Community Enterprises Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Whitehorse Community Enterprises Ltd'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 Whitehorse Community Enterprises Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

afs@afsbendigo.com.au
03 5443 0344

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 September 2022

Adrian Downing
Lead Auditor

Community Bank · Blackburn South
134 Canterbury Road, Blackburn South VIC 3130
Phone: 03 9894 8467 Fax: 03 9894 7862
Email: blackburn-southmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/blackburn-south

Franchisee: Whitehorse Community Enterprises Limited
ABN: 67 106 202 304
PO Box 2218, Blackburn South VIC 3130
Phone: 03 9894 8467 Fax: 03 9894 7862

/communitybankblackburnsouth

Bendigo Bank

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