Annual Report 2022

WYDCOM Financial Services Limited

Community Bank
Woori Yallock & District

ABN 71 102 202 595

Contents

Chairman's report

For year ending 30 June 2022

It gives me great pleasure to present the nineteenth Annual Report of WYDCOM Financial Services Limited (WYDCOM).

Community Bank Woori Yallock & District has operated now for 20 years, and continues to provide a viable, successful local bank which plays a significant support role within the townships of Woori Yallock, Hoddles Creek, Yellingbo, and Don Valley.

Many schools, Sports Clubs, organisations, businesses and individuals continue to benefit from our success and continued presence.

Operating environment

As foreshadowed previously, the 2021-22 financial year was likely to be a period of continued challenge, not only for us at WYDCOM, but for our staff members and their families, customers, shareholders and the general community.

We have persevered through the last two difficult years which produced challenges such as lower interest rates and have resulted in a further contraction of the operating margins which have a significant impact on WYDCOM revenue levels.

The upturn in the economy has provided optimism for growth which bodes well for the immediate future.

Seizing the opportunity, management have revised and reviewed branch operations to hopefully better align with today's needs and the needs of you, our customers.

We continue to search for further efficiencies/opportunities to improve service delivery and to reduce costs.

The team has seen some significant changes with some existing staff seeking personal development with other branches and new staff arriving. We send our best wishes to all in their futures within the wider Bendigo Bank Community.

Again, this year we are extremely thankful for the continued support from the local community who continue supporting their local bank, Community Bank Woori Yallock & District. Thank you.

Financials

Interest rates have continued to fall and the cessation of the Tax-Free Government "cash flow Boost payment", clearly impacted the bottom line, with the Net Profit After Tax dropping from $102,243 in 2020-21 to $53,629, which aligns more with the pre-covid 2020 Net Profit After Tax of $65,455.

As expected, the revenue squeeze has continued, however our staff team led by Justin Hall have focussed on opportunities for growth. We expect that it may take some time to lift revenue levels again. Accordingly, and as advised in 2021 report, we have taken the opportunity to trim expenses with employment staff costs reduced again this year.

As advised last year, arresting the fall in revenue may take some time especially considering the move away from personal service/in-branch banking, to on-line/digital transactions which does not provide the opportunity for staff to offer assistance/service to customers so that we can assist them to avail themselves of all the opportunities we offer such as insurances, long term deposits and business development support.

Community contributions

Continuing impacts from covid and the long-lasting extreme weather conditions have impacted the planning and capacity of the community to facilitate community events.

However, the following table sets down the sponsorships provided up to 30 June 2022 and the outstanding contribution we as a Community Bank have made to Community development.

Following a couple of lean years where a number of traditional events were cancelled or postponed, we are now seeing the early signs of various parties wanting to get events and/or projects back on track and this has led to a rise in the number of Applications for Sponsorship received and pending.

Amount	Contribution type	To whom	Additional information
$1500	Sponsorship	Yarra Valley FM	3 quarters x $500
$950*	Sponsorship	Mount Dandenong Pre School	Chestnut Festival
$2200	Sponsorship	Woori Yallock Football and Netball Club	Scoreboard sponsorship covers 2-years
$15000*	Sponsorship	Woori Yallock Football and Netball club	Sponsor coaches Boxes rejuvenation
$7700	Sponsorship	Yarra Valley Small Wineries Association	Sponsor Shortest Lunch event
$5000	Sponsorship	Launching Place Primary School	Sponsor playground resurfacing project
$3230	Sponsorship	Don Valley Primary School	IT replenishment
$10000	Grant (CEF)	Woori Yallock Community Bank Tertiary Scholarship Program – 1-year	2 recipients x $5000
$45,580	**Total contributions**		

Total $35,580 + $25,000 = $60,580 transferred into our Community Enterprise Foundation™ Fund (taking that balance to ~$193,000)

Notes

Yet to be reconciled to final accounts -- $950* and $15,000* committed but yet to be paid.

$6,600 remaining outstanding as a donation (YVSW), should be accounted for as an accrual in final accounts $22,550.

- Primary Schools Grant Program – invited contact from all with only DVPS and LPPS responding. They have been supported accordingly, with no commitment for future years, especially as schools can no longer conduct any related accounts with anyone other than CBA or NAB (Ed Department directive).
- LPPS support in form of partial sponsorship for the long-planned resurfacing project. Amount required unknown at this stage.
- WHYLD – carry-over of $4,245 sponsorship of 2019 Camelot Castle Medieval Village Fair to finally be applied to that event in November this year.
- Woori Community House – software upgrade project $3,146. Application approved but WCH requested a pausing to their request pending further consideration.

Marketing

The following marketing actions are being considered to upgrade Community awareness.

- Bank Branding/Signage within the WHYLD area to be refreshed/upgraded refresh required as a general strategy given new directives from Bendigo Bank as to branding.
- Awaiting WYF&NC coach's boxes to be completed when appropriate signage can be arranged. Would be an opportunity to refresh scoreboard signage while also adding signage for the Cricket Club nets that were sponsored last year.

ACTION: Director John Morton

- Many promotional opportunities outstanding, including photo ops at schools as well as cross-promotion on all facilities supported. All sponsored parties have offered this support and the invitations will be actioned now that we have accredited staff to follow-up all/any leads.

ACTION: Branch Manager

- As budget allows, fresh branded marketing material such as tear-drop and pull-up banners are needed, other items including roadside promotion, portable core flute signs, replacement signs for YVSW sandwich boards as well as update marquees etc., will be investigated

ACTION: Cost estimates to be established

Business Development

This has been on the backburner due to COVID-19 restrictions and lack of accredited staff.

It is now reasonable to expect the Branch Manager to actively canvas the broader market, including a calling strategy/schedule required urgently for recipients of sponsorship/grants such as Yarra Valley small wineries, schools etc so that the partnership, can be fully and thoroughly reviewed.

In conjunction with Bendigo Bank's Regional Manager, a robust business development strategy will be considered by the Board and the Branch Manager.

WYDCOM Financial Services Limited - Outlook

With the sound financial position of the business and the repositioning of branch activities, together with an increase in bank business opportunities, confidence in business increase in the short term is acceptable.

Home loans, business lending, merchant services and credit cards options are areas which provide increasing opportunities.

With current franchise arrangements limiting WYDCOM share of revenue as and when we perform a value adding role in servicing and meeting the needs of you the customer and our Franchisor.

We must continue to meet all the challenges and ensure we take every opportunity to develop whilst still meeting the primary purpose of Community benefit and Community service/support.

To achieve these objectives the Board relies upon volunteer Community minded individuals to consider joining the Board to ensure we keep that Community connection that is essential to being a successful Community Bank.

Appreciation/Farewells

Unfortunately, we have to say farewell to Lyn Collier who has been a Board member from the very beginning 20 years ago and whose wealth of knowledge and dedication in her role as Company Secretary has been incomparable. On behalf of the Board and staff a big thank you Lyn and we are missing you already, enjoy retirement.

Bernie Cole-Sinclair also retired in 2021. Bernie was a Board member as well as the WYDCOM Accountant/bookkeeper. Bernie's Accountancy's expertise and advice has been missed already.

Also, we say farewell Michael Flower whose banking knowledge and expertise has been a strong guiding light since he joined the Board in 2017 and for the last four years in his role as Chairman. It is extremely important to recognise the friendly, informative and banking product knowledge and expertise provide by Mike. The Board and I thank you on behalf of the Company and the Community within the WHYLD area and surrounds.

Welcome to new Board Members

This year we have welcomed to the Board table Gerard Mignone Managing Director/Chairman Diverse Fire Systems Pty Ltd GAICD, MBA, B Eng, MIEAust, who although living in Melbourne has been able to actively participate in all aspects of the Board operations.

Also joining the Board is Pawan Sharma who has more than two decades of financial services experience especially with all the Big 4 Australian Banks and the Big 4 Global Investment Banks.

Pawan currently works for a Chartered Accountant Firm providing services to Government Agencies and he has taken on the role of Company Secretary.

The Financial services and accounting tasks are now being provided by Sean Limpens BCV Financial Solutions

Finally, the most heartfelt thankyou goes to you our customers and supporters. Your trust in us and the "Bank" makes everything possible.

Thank you for choosing Community Bank Woori Yallock & District.

Peter James Cownley
Chairman

Manager’s report

For year ending 30 June 2022

I am proud to be able to deliver the Branch Manager’s annual report for WYDCOM Financial Services Limited.

The last 12 months has presented challenges; we are now experiencing an ever-changing macro financial environment which has directly impacted our customers with significant and un-expected changes in interest rates while our rates remain very competitive in the market, I am conscious of the affect this has had on many local families.

We are focused on supporting our customers through these changes and building our customers into lifelong advocates for Community Bank Woori Yallock & District and Community.

Our branch staff stand daily as the face of our business and I am pleased that we can continue to adapt, grow, and build the skills within our team to lead an experience not often associated with retail banking.

Looking forward

As a branch we are adapting our resources to further meet the ongoing needs of our customers who choose to bank locally and more important personally with us in branch.

We are currently recruiting to ensure we have sufficient staff to avoid unexpected closures and to be able to widen our offering with the planned removal of lunch closures in the new year.

Over the next 12 months we have many initiatives which will deliver excellent outcomes for our community while ensuring Community Bank Woori Yallock & District stays relevant to our customer base.

A taste of these initiatives includes the roll out of an AED (Automatic external defibrillator) outside our branch to support the community in assisting those experiencing cardiac arrest.

Community screens – providing free advertising to local community groups and businesses, Promoting the shop local message and the creating our branch as a “Community hub” .

Supporting local community events such as Kids fest – Being run by the Woori Yallock Community House.

It has been a pleasure over the last 16 months to meet many of you, our customers, and shareholders,

I welcome you to drop by the branch and would love to hear your ideas and suggestions for how we can build value for our community, customers and shareholders.

Justin Hall
Branch Manager

Directors' report

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

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

Name:	Peter James Cownley
Title:	Chair
Experience and expertise:	Peter is retired. Peter is a certified civil engineer and holds a Diploma of Civil Engineering and a Post Graduate Diploma Municipal Engineer. Peter previously held a position of Western Area Commissioner Melbourne Metropolitan Board of Works and Board member. Peter has volunteered as secretary of Woori Yallock Junior Football Club, member of Kiwanis International and is the founding and current Chair of the WHYLD Community Group.
Special responsibilities:	Executive, Audit & Human Resources Committee

Name:	Michael Norman Flower
Title:	Non-executive director
Experience and expertise:	Mike is a Business Consultant. Mike is a versatile and experienced professional with business acumen and commercial judgement gained from executive roles in banking, finance and professional services. Mike is a FINSIA Fellow, an AICD graduate and a certified member of the Governance Institute of Australia.
Special responsibilities:	Marketing & Community Contributions Committee and Executive, Audit & HR Committee

Name:	Lynette Joy Collier
Title:	Non-executive director
Experience and expertise:	Lyn is Retired. Lyn has completed a Bachelor of Education Degree and a Graduate Diploma in Education Administration. Lyn has over 40 years experience in education and is also a volunteer in various community groups.
Special responsibilities:	Executive, Audit & Human Resources Committee

Name:	John Robert Morton
Title:	Non-executive director
Experience and expertise:	John is Retired. John has experience as a Meat Export executive, current committee member Woori Yallock Football and Netball Club, former President of Yarra Valley Cricket Association, former President Chestnuts Australia, former Chairman Hoddles Creek Primary School Committee.
Special responsibilities:	Marketing & Community Contributions Committee

Name:	Daryl John Dixon
Title:	Non-executive director
Experience and expertise:	Daryl is a Director, Department of Justice and Community Safety. Daryl has been a Program Director within the IT sector for over 30 years, having worked the Government, Finance Sector, Transport and Logistic & Utility Industries. Daryl has actively participated in the community be that on school councils or advisory boards raising funds for improvements or infrastructure.
Special responsibilities:	None at this time

Name:	James Gerald Digby
Title:	Non-executive director
Experience and expertise:	James is a business consultant. James has extensive experience as a General Manager and CFO in commercial and for purpose organisations for more than 20 years. He has volunteered in Australia and overseas to improve financial and operational outcomes in for purpose organisations. He holds FCPA, MBA, Graduate Diploma Community and International Dev, B. Bus. James is a director of Wellways Australia Ltd.
Special responsibilities:	Risk, Governance & Audit Committee

Name:	Gerard Mignone
Title:	Non-executive director (appointed 15 June 2022)
Experience and expertise:	Gerard is currently Managing Director of Diverse Fire Systems Pty Ltd. MBA, Master of Management, Bachelor of Engineering (Mech), Diploma of Project Management, Graduate of the AICD, Chartered Engineer with Engineers Australia. Chair of the Fire Protection Association of Australia's Victorian Committee, Lecturer and Student Supervisor at Deakin and Melbourne University for their Engineering Masters/Bachelor Degrees.
Special responsibilities:	None at this time

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

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

- Pawan Lalit Sharma was appointed company secretary on 1 July 2022.
- Lynette Joy Collier was appointed company secretary on 28 August 2017 and ceased on 1 July 2022.

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 $53,629 (30 June 2021: $102,243).

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: nil cents)	53,000

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

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

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

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

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

	Board		Marketing & Community Contributions Committee		Risk, Governance & Audit Committee		Executive, Audit & HR Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Peter James Cownley	11	11	-	-	-	-	-	-
Michael Norman Flower	11	11	4	2	4	4	4	4
Lynette Joy Collier	11	11	-	-	4	4	4	4
John Robert Morton	11	11	4	2	-	-	-	-
Daryl John Dixon	11	10	-	-	-	-	-	-
James Gerald Digby	11	10	-	-	-	-	-	-
Gerard Mignone	1	1	-	-	-	-	-	-

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

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

	Balance at the start of the year $	Changes $	Balance at the end of the year $
Michael Norman Flower	-	-	-
Peter James Cownley	1,000	-	1,000
Lynette Joy Collier	5,500	-	5,500
John Robert Morton	5,000	501	5,501
Daryl John Dixon	-	-	-
James Gerald Digby	-	-	-
Gerard Mignone	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 26 to the accounts.

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

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

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

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

On behalf of the directors

P J Cownley.

Peter James Cownley
Chair

29 August 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 WYDCOM Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 August 2022

Adrian Downing
Lead Auditor

Financial statements

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

	Note	2022 $	2021 $
Revenue from contracts with customers	6	655,837	677,460
Other revenue	7	15,024	63,424
Finance revenue	8	2,869	9,318
Employee benefits expense	9	(365,985)	(390,654)
Advertising and marketing costs		(6,165)	(2,075)
Occupancy and associated costs		(28,866)	(28,626)
System costs		(17,859)	(19,460)
Depreciation and amortisation expense	9	(36,072)	(52,722)
Finance costs	9	(7,400)	(10,581)
General administration expenses		(83,726)	(81,130)
Profit before community contributions and income tax expense		127,657	164,954
Charitable donations and sponsorships expense		(55,968)	(35,191)
Profit before income tax expense		71,689	129,763
Income tax expense	10	(18,060)	(27,520)
Profit after income tax expense for the year	21	53,629	102,243
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		53,629	102,243
		Cents	**Cents**
Basic earnings per share	28	10.12	19.29
Diluted earnings per share	28	10.12	19.29

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

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

	Note	2022 $	2021 $
Assets			
Current assets			
Cash and cash equivalents	11	1,420,364	1,377,872
Trade and other receivables	12	69,251	68,011
Total current assets		1,489,615	1,445,883
Non-current assets			
Property, plant and equipment	13	49,809	43,195
Right-of-use assets	14	101,546	115,373
Intangibles	15	15,977	29,199
Deferred tax assets	10	14,845	14,404
Total non-current assets		182,177	202,171
Total assets		1,671,792	1,648,054
Liabilities			
Current liabilities			
Trade and other payables	16	105,387	62,932
Lease liabilities	17	16,426	16,114
Current tax liabilities	10	8,693	-
Employee benefits	18	13,618	9,687
Total current liabilities		144,124	88,733
Non-current liabilities			
Trade and other payables	16	-	15,633
Lease liabilities	17	98,584	110,585
Employee benefits	18	1,884	7,815
Provisions	19	27,601	26,318
Total non-current liabilities		128,069	160,351
Total liabilities		272,193	249,084
Net assets		1,399,599	1,398,970
Equity			
Issued capital	20	512,969	512,969
Retained earnings	21	886,630	886,001
Total equity		1,399,599	1,398,970

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2020		512,969	783,758	1,296,727
Profit after income tax expense		-	102,243	102,243
Balance at 30 June 2021		512,969	886,001	1,398,970
Balance at 1 July 2021		512,969	886,001	1,398,970
Profit after income tax expense		-	53,629	53,629
Transactions with owners in their capacity as owners:				
Dividends provided for and paid	23	-	(53,000)	(53,000)
Balance at 30 June 2022		512,969	886,630	1,399,599

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

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

	Note	2022 $	2021 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		724,885	810,858
Payments to suppliers and employees (inclusive of GST)		(573,498)	(676,302)
		151,387	134,556
Interest received		3,057	12,458
Income taxes paid		(9,808)	(20,724)
Net cash provided by operating activities	27	144,636	126,290
Cash flows from investing activities			
Payments for property, plant and equipment		(13,272)	-
Payments for intangibles		(13,222)	(13,222)
Net cash used in investing activities		(26,494)	(13,222)
Cash flows from financing activities			
Dividends paid	23	(53,000)	-
Repayment of lease liabilities	17	(22,650)	(35,389)
Net cash used in financing activities		(75,650)	(35,389)
Net increase in cash and cash equivalents		42,492	77,679
Cash and cash equivalents at the beginning of the financial year		1,377,872	1,300,193
Cash and cash equivalents at the end of the financial year	11	1,420,364	1,377,872

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 Wydcom Financial Services Limited (the company) as an individual entity. The financial statements are presented in Australian dollars, which is 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 Shop 13, 1585 Warburton Highway, Woori Yallock VIC 3139.

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 29 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Basis of preparation and statement of compliance

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

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

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

Note 5. Economic dependency

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

Note 5. Economic dependency (continued)

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2022 $	2021 $
Margin income	546,833	575,813
Fee income	61,087	61,095
Commission income	47,917	40,552
Revenue from contracts with customers	655,837	677,460

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:

Note 6. Revenue from contracts with customers (continued)

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

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

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

Margin
Margin is arrived at through the following calculation:

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

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

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

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

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

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

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 $
Net gain on disposal of property, plant and equipment	-	13,994
Market development fund	15,000	22,500
Cash flow boost	-	26,930
Other income	24	-
Other revenue	15,024	63,424

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Cash flow boost	Cash flow boost income is recognised when the right to the payment is established (e.g. monthly or quarterly in the activity statement).
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Gain on sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

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

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

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

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

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

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

Note 8. Finance revenue

	2022 $	2021 $
Term deposits	2,869	9,318

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

Note 9. Expenses

Depreciation and amortisation expense

	2022 $	2021 $
Depreciation of non-current assets		
Leasehold improvements	4,495	390
Plant and equipment	2,163	7,268
	6,658	7,658
Depreciation of right-of-use assets		
Leased land and buildings	16,192	31,842
Amortisation of intangible assets		
Franchise fee	2,204	2,204
Franchise renewal process fee	11,018	11,018
	13,222	13,222
	36,072	52,722

Finance costs

	2022 $	2021 $
Lease interest expense	6,117	8,752
Unwinding of make-good provision	1,283	1,829
	7,400	10,581

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

Employee benefits expense

	2022 $	2021 $
Wages and salaries	319,325	354,201
Superannuation contributions	36,574	32,652
Expenses related to long service leave	(5,254)	(3,634)
Other expenses	15,340	7,435
	365,985	390,654

Leases recognition exemption

	2022 $	2021 $
Expenses relating to low-value leases	7,122	6,829

Note 9. Expenses (continued)

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 10. Income tax

	2022 $	2021 $
Income tax expense		
Current tax	18,502	13,604
Movement in deferred tax	(442)	13,340
Reduction in company tax rate	-	576
Aggregate income tax expense	18,060	27,520
Prima facie income tax reconciliation		
Profit before income tax expense	71,689	129,763
Tax at the statutory tax rate of 25% (2021: 26%)	17,922	33,738
Tax effect of:		
Non-deductible expenses	138	208
Reduction in company tax rate	-	576
Other assessable income	-	(7,002)
Income tax expense	18,060	27,520

	2022 $	2021 $
Deferred tax assets/(liabilities)		
Employee benefits	3,876	4,376
Provision for lease make good	6,900	6,580
Accrued expenses	750	750
Income accruals	(47)	(134)
Lease liabilities	28,753	31,675
Right-of-use assets	(25,387)	(28,843)
Deferred tax asset	14,845	14,404

	2022 $	2021 $
Provision for income tax	8,693	-

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 10. 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 11. Cash and cash equivalents

	2022 $	**2021 $**
Cash at bank and on hand	203,600	164,322
Term deposits	1,216,764	1,213,550
	1,420,364	1,377,872

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

Note 12. Trade and other receivables

	2022 $	**2021 $**
Trade receivables	59,079	56,924
Other receivables and accruals	188	1,744
Prepayments	9,984	9,343
	10,172	11,087
	69,251	68,011

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

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

Note 13. Property, plant and equipment

	2022 $	2021 $
Leasehold improvements - at cost	135,024	122,322
Less: Accumulated depreciation	(93,055)	(88,560)
	41,969	33,762
Plant and equipment - at cost	116,162	115,592
Less: Accumulated depreciation	(108,322)	(106,159)
	7,840	9,433
	49,809	43,195

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 $	Total $
Balance at 1 July 2020	34,152	16,701	50,853
Depreciation	(390)	(7,268)	(7,658)
Balance at 30 June 2021	33,762	9,433	43,195
Additions	12,702	570	13,272
Depreciation	(4,495)	(2,163)	(6,658)
Balance at 30 June 2022	41,969	7,840	49,809

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 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	2.5 to 40 years

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

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

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

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

Note 14. Right-of-use assets

	2022 $	2021 $
Land and buildings - right-of-use	277,185	347,903
Less: Accumulated depreciation	(175,639)	(232,530)
	101,546	115,373

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	185,267	185,267
Remeasurement adjustments	(38,052)	(38,052)
Depreciation expense	(31,842)	(31,842)
Balance at 30 June 2021	115,373	115,373
Remeasurement adjustments	2,365	2,365
Depreciation expense	(16,192)	(16,192)
Balance at 30 June 2022	101,546	101,546

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangibles

	2022 $	2021 $
Franchise fee	82,471	82,471
Less: Accumulated amortisation	(79,809)	(77,605)
	2,662	4,866
Franchise renewal fee	147,808	147,808
Less: Accumulated amortisation	(134,493)	(123,475)
	13,315	24,333
	15,977	29,199

Note 15. Intangibles (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2020	7,070	35,351	42,421
Amortisation expense	(2,204)	(11,018)	(13,222)
Balance at 30 June 2021	4,866	24,333	29,199
Amortisation expense	(2,204)	(11,018)	(13,222)
Balance at 30 June 2022	2,662	13,315	15,977

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

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

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

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

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

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

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

Note 16. Trade and other payables

	2022 $	**2021 $**
Current liabilities		
Trade payables	9	2,179
Other payables and accruals	105,378	60,753
	105,387	62,932
Non-current liabilities		
Other payables and accruals	-	15,633

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

Note 16. Trade and other payables (continued)

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

Note 17. Lease liabilities

	2022 $	2021 $
Current liabilities		
Land and buildings lease liabilities	21,577	22,144
Unexpired interest	(5,151)	(6,030)
	16,426	16,114
Non-current liabilities		
Land and buildings lease liabilities	111,482	128,577
Unexpired interest	(12,898)	(17,992)
	98,584	110,585

Reconciliation of lease liabilities

	2022 $	2021 $
Opening balance	126,699	192,509
Remeasurement adjustments	4,844	(39,173)
Lease interest expense	6,117	8,752
Lease payments - total cash outflow	(22,650)	(35,389)
	115,010	126,699

Maturity analysis

	2022 $	2021 $
Not later than 12 months	21,577	22,144
Between 12 months and 5 years	86,308	81,396
Greater than 5 years	25,174	47,181
	133,059	150,721

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

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

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

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

Note 17. Lease liabilities (continued)

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

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

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

The company's lease portfolio includes:

Shop 13	The lease agreement commenced in October 2008. A 5 year renewal option was exercised in October 2018. The company has 1 x 5 year renewal option available which for AASB 16: Leases purposes they are reasonably certain to exercise. As such, the lease term end date used in the calculation of the lease liability is September 2028. The discount rate used in calculations is 4.79%.
Shop 9	The lease agreement commenced in August 2015 and finished on 13 August 2021.

Note 18. Employee benefits

	2022 $	2021 $
Current liabilities		
Annual leave	11,418	8,164
Long service leave	2,200	1,523
	13,618	9,687
Non-current liabilities		
Long service leave	1,884	7,815

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

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

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

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

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

Note 18. Employee benefits (continued)

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 19. Provisions

	2022 $	2021 $
Lease make good	27,601	26,318

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $37,220 for the Shop 13 lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 30 September 2028 at which time it is expected the face-value costs to restore the premises will fall due.

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

Note 20. Issued capital

	2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	530,000	530,000	530,000	530,000
Less: Equity raising costs	-	-	(17,031)	(17,031)
	530,000	530,000	512,969	512,969

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.

Note 20. Issued capital (continued)

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

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

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

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

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

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

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

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

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

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

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

Note 21. Retained earnings

	2022 $	2021 $
Retained earnings at the beginning of the financial year	886,001	783,758
Profit after income tax expense for the year	53,629	102,243
Dividends paid (note 23)	(53,000)	-
Retained earnings at the end of the financial year	886,630	886,001

Note 22. Capital management

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

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

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

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

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

Note 23. Dividends

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

	2022 $	2021 $
Fully franked dividend of 10 cents per share (2021: nil cents)	53,000	-

Franking credits

	2022 $	2021 $
Franking account balance at the beginning of the financial year	406,446	384,424
Franking credits (debits) arising from income taxes paid (refunded)	9,809	22,022
Franking debits from the payment of franked distributions	(17,667)	-
	398,588	406,446
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	398,588	406,446
Franking credits (debits) that will arise from payment (refund) of income tax	8,693	-
Franking credits available for future reporting periods	407,281	406,446

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 24. Financial instruments

	2022 $	2021 $
Financial assets		
Trade and other receivables	59,267	58,668
Cash and cash equivalents	1,420,364	1,377,872
	1,479,631	1,436,540
Financial liabilities		
Trade and other payables	105,387	78,565
Lease liabilities	115,010	126,699
	220,397	205,264

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

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

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

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

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

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

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

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

The company held cash and cash equivalents of $1,420,364 at 30 June 2022 (2021: $1,377,872). 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.

Note 24. Financial instruments (continued)

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

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

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

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	105,387	-	-	105,387
Lease liabilities	21,577	86,308	25,174	133,059
Total non-derivatives	126,964	86,308	25,174	238,446

2021	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	62,932	15,633	-	78,565
Lease liabilities	22,144	81,396	47,181	150,721
Total non-derivatives	85,076	97,029	47,181	229,286

Note 25. Key management personnel disclosures

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

Michael Norman Flower
Peter James Cownley
Lynette Joy Collier
John Robert Morton
Daryl John Dixon
James Gerald Digby
Gerard Mignone

Compensation
Key management personnel compensation comprised the following.

	2022 $	**2021 $**
Short-term employee benefits	4,055	-

Compensation of the company's key management personnel includes salaries.

Note 26. 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		
General advisory services	2,520	2,330
Share registry services	3,769	2,400
	6,289	4,730
	11,489	9,730

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2022 $	2021 $
Profit after income tax expense for the year	53,629	102,243
Adjustments for:		
Depreciation and amortisation	36,072	52,722
Lease liabilities interest	6,117	8,752
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(1,240)	10,027
Increase in deferred tax assets	(441)	(7,120)
Decrease in other operating assets	2,479	13,916
Increase/(decrease) in trade and other payables	40,044	(24,714)
Increase in provision for income tax	8,693	-
Decrease in employee benefits	(2,000)	(31,365)
Increase in other provisions	1,283	1,829
Net cash provided by operating activities	144,636	126,290

Note 28. Earnings per share

	2022 $	2021 $
Profit after income tax	53,629	102,243
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	530,000	530,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	530,000	530,000
	Cents	**Cents**
Basic earnings per share	10.12	19.29
Diluted earnings per share	10.12	19.29

Note 28. Earnings per share (continued)

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

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

Directors' declaration

For the financial year ended 30 June 2022

In the directors' opinion:

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

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

On behalf of the directors

Peter James Cownley
Chair

29 August 2022

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

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

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

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: 29 August 2022

Adrian Downing
Lead Auditor

Community Bank · Woori Yallock & District
Shop 13, The Centre,
1585 Warburton Highway, Woori Yallock VIC 3139
Phone: 03 5961 5644 Fax: 03 5961 5493
Email: wooriyallock@bendigoadelaide.com.au
Web: bendigobank.com.au/woori-yallock

Franchisee: WYDCOM Financial Services Limited
ABN: 71 102 202 595
Shop 13, The Centre,
1585 Warburton Highway, Woori Yallock VIC 3139

/communitybankwooriyallockdistrict

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Bendigo Bank