Annual Report 2023

Beaufort Community Financial Services Limited

Community Bank Beaufort

ABN 53 097 961 058

Contents

Chairman's report

For year ending 30 June 2023

Ladies and Gentlemen,

It is with great pleasure that I provide you with the following information on the operations of Beaufort Community Financial Services Limited.

As we move on from the COVID pandemic era of lockdowns and forced closures, it has been an enormous relief for everyone in the community to be able to go about their normal daily routine without the need for masks and social distancing.

This past twelve months have been the first time in my three and half years as Chairman that we have had all monthly Board meetings face-to-face.

What a difference 12 months can make, with the Reserve Bank raising the interest rate ten times during the 2022-23 FY.

Although some customers feeling the squeeze in their budgets, it has meant that for the Company an increase in profits that for the first time I believe in its history that we have achieved a total revenue of over $1 million.

This has made for successful year of trading for the Company, with an after-tax profit of $165,412. (2022 $42,994). This has allowed the Board to do some planning for the future in shoring up its capital and allowing for some tighter times ahead that are forecast. We have invested $150,000 into a term deposit and placed $300,000 plus costs into the Community Enterprise Foundation™ to allow for the continuation of our grants program.

In the 2022-23 FY the Community investment made by the Company totalled $94,406.00. This places the Company in the position as of 30 June 2023 this year of having each share backed by $2.01 of liquid assets. This being the case I am pleased to announce that once again this year we will be paying a dividend of 7.5cents per share.

Staffing at Community Bank Beaufort has been a challenge this year and this was only compounded with the resignation of our Branch Manager Vicki Hancock in April this year. I would like to take this opportunity to thank Vicki for her four and a half years in the role as Branch Manager, her dedication and commitment to this role helped enormously in putting Community Bank Beaufort in the forefront of people's mind.

Wendy has changed her role from a Customer Relationship Manager to a Customer Relationship Officer. In March we welcomed our new Customer Relationship Manager Melinda Houghton, who in only a matter of weeks stepped up to managing the Branch with the help of Kelly Torpy, our Regional Manager from Bendigo Bank and Branch Managers from both Ararat and Ballarat following Vicki's resignation.

I would like to take this opportunity to thank both Jodie Cuthbertson and Wendy Wen for their commitment and work in enabling the Branch to keep operating when staff numbers were low. Thank you ladies for your contribution and resilience. Following Vicki's resignation we advertised for a new Branch Manager, with Melinda Houghton being the successful applicant. With this being the case, this left the CRM role vacant, and this has since been filled by Naomi Damalas a past employee of the Branch. Also, the part-time Customer Service Officer role has been filled by the recent employment of Julie Smith. This gives us a full complement of five staff in the Branch, to whom I extend our thanks for their contribution and work ethic.

At this point I would also like to thank our Company Secretary Lynne Dickman for her work and efforts and dedication in keeping the day-to-day functions of the Company on the move.

To our Junior Directors this year, Siena Grant and Praneel Kumar, your enthusiasm and correspondence with the Board has been absolutely fantastic. Sienna will be leaving the Board at the end of the year, and we wish her all the best in her studies and future endeavours.

During the past year we welcomed two new Directors onto the Board, Michaela Stabbins and Mattew Bowd.

To my fellow Directors, I thank you all for your attentiveness, devotion, and responsibility to the roles that you have undertaken.

Alan T McCartney
Chairman

Manager’s report

For year ending 30 June 2023

Challenging times are interesting - so business conditions in Regional Victoria, Australia, and the World during the 2023 financial year have proven to be fascinating!

Community Bank Beaufort has not been immune to the challenges faced by many including inflation and interest rate increases, staff shortages, economic turbulence caused by geopolitical turmoil, climate-based weather disturbances affecting local communities, and of course security issues surrounding data protection and scams. We have spent many hours with our lending customers helping them with strategies and assistance to deal with increasing interest rates.

We are proud to have maintained high standards of customer service in all areas from general day-to-day banking to lending and community organisation banking. We continue to work with our partners at Rural Bank, Equipment Finance, and Business Banking to help with the wide range of needs that are catered for by a regional Community Bank.

Community Bank Beaufort has continued our growth throughout this financial year with deposits increasing by almost 15% and our branch seeing many customers in person again after the lifting of most COVID-19 restrictions by the end of 2022. Rural Bank lending has also increased by over 40% representing some of the growth being experienced in this fantastic region.

Our Branch team are a mix of familiar faces and fresh energy, with Jodie showing the ropes to me as a newcomer, and Wendy consolidating her knowledge of banking rules and regulations and getting to know our branch customers who visit regularly or occasionally, in person and virtually. As the new Branch Manager, I am welcoming Naomi back to Community Bank Beaufort in the new financial year as our new Customer Relationship Manager. We have also successfully recruited a part-time Customer Service Officer to assist our customers further and will welcome Julie to the branch in early July.

We are grateful that Bendigo Bank lives up to the ‘Community’ in Community Banking by providing a lot of assistance during staff shortages from other branches in our area. Ararat, Horsham, and Ballarat Central (amongst others) have been a great support. We also appreciate our customer’s understanding during busy periods with low staff numbers.

A large focus in 2023 and continuing onwards is the increasing risks from scams and fraud. We believe that our Community Bank model assists our customers with these scary challenges, as we help with many daily enquiries from people who are not sure about contact, they have received or have had scam issues, and we have commenced education seminars for our community to assist with prevention. We have protected many from risk by being trusted, available and local.

Our amazing Board Directors have proven their community spirit by being approachable, helpful, and understanding of the challenges on the ground. We are extremely grateful that they are here helping locals in the region by maintaining Community Bank Beaufort to provide such an extremely valuable service offering whilst giving back with numerous local area Grants and Sponsorships.

Our aim for the next twelve months is to continue to grow Community Bank Beaufort with our increased staffing levels so we can provide exceptional service. We are focused on helping locals, and the more successful we are at Community Bank Beaufort, the more we can put back into helping the people and community groups in this area that are doing such a great job during difficult times.

We encourage everyone to come and see us, whether you are new to the area (welcome!) or haven’t been in for a while. The Bendigo Bank is ‘The Better Big Bank’. Community Banks are a part of the reason why.

Mel Houghton
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than $32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2023

As a shareholder in your local Community Bank, you belong to an incredible social enterprise network that to date has reinvested more than $300 million in our local communities.

And now, as we celebrate our 25th anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the Bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good. The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches. The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer Directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country.

The Community Bank network creates impact though grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (CBNC) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Warm regards

Sarah Franklyn
CBNC Chair

Directors' report

30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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:	Alan Thomas McCartney
Title:	Non-executive director
Experience and expertise:	Farmer. Bookkeeping, Certificate in Farming (Apprenticeship), Wool-classing Certificate, Dowling Forest Cemetery Chairman, Burrumbeet Soldiers Memorial Hall Committee (Secretary) and numerous other positions held on various committees.
Special responsibilities:	Current Board Chairman

Name:	Robert John Byrne
Title:	Non-executive director
Experience and expertise:	Senior Victorian Public Servant – Department of Jobs, Precincts and Regions. B.Sc (Hons) Melb. M.Comm (Hons) Melbourne. Graduated 1999.
Special responsibilities:	Chair of Finance, Strategy & HR Committee

Name:	Simone Victoria Annette Hutchings
Title:	Non-executive director
Experience and expertise:	Civil Engineer. Bachelor of Engineering (Civil), Project management, infrastructure design, community consultation and engagement.
Special responsibilities:	Chair of Risk, Governance & Audit Committee

Name:	Pamela Margaret Sandlant
Title:	Non-executive director
Experience and expertise:	Retired School Principal, Farmer/Director, Business Manager. Diploma of Teaching (Primary), Bachelor of Education, Educational leadership, school management, Director of Corangamite Financial Services (Bendigo Bank), Community House Committee, Community Consultation Network- Anglesea. Chair, President, Secretary and Treasurer of various committees.
Special responsibilities:	Member of Risk, Governance & Audit Committee

Name:	Gary Ian Knight
Title:	Non-executive director
Experience and expertise:	Farmer, Wool Classer. Bachelor of Education, Certificate IV in Wool Classing, Lieutenant-Treasurer of the Skipton CFA, Member of the Skipton Cemetery Trust, Treasurer of the Skipton Angling Club.
Special responsibilities:	Chair of Community Investment & Youth Committee

Name:	Greg Walton
Title:	Non-executive director
Experience and expertise:	Teacher. Bachelor of Applied Science, Graduate Diploma of Education, Graduate Diploma of Educational Administration. Teacher for over 45 years with the Education Department of Victoria, presently teaching at Beaufort Secondary College. While working full time as a teacher, also worked part time for Texas Instruments, Cambridge University Press and Ballarat University. Currently running a small farm with wife Sue overlooking Lake Learmonth.
Special responsibilities:	Board Vice Chair and Member of Finance, Strategy & HR Committee

Name:	Michaela Stabbins
Title:	Non-executive director (appointed 1 January 2023)
Experience and expertise:	Otago Polytechnic in Dunedin, a Bachelor of Nursing and teaching qualification in Speech and Drama from Trinity College London. Post Graduate Certificate in Research/Education and Preoperative Nursing Latrobe University. Directorship Course Institute of Directors Australia and New Zealand. Worked as an acute Psychiatric/Forensic nurse, before taking a job in a private operating theatre for 2.5 years before moving to Australia. Worked as a Perioperative Nurse for 10 years around Melbourne. Was an alternate director of Harraways and Sons Ltd Rolled Oats, Dunedin New Zealand 2011 to 2013. During this period attended Directorship courses offered by the Australian and New Zealand Institutes of Directors. Formed and runs own investment company with interests in both New Zealand and Australian shares and property markets. A member of the Beaufort Primary School Council and Parents and Friends.
Special responsibilities:	Member of Community Investment & Youth Committee

Name:	Matthew Patrick Bowd
Title:	Non-executive director (appointed 4 May 2023)
Experience and expertise:	General Manager, Echo Managed Services. Director, MKKT Digital Properties. MBA Candidate - University of Canberra, Prosci Change Management Professional. Organisational transformation and technology professional specialising in management consulting, organisational redesign and leadership of geographically diverse, multi-disciplinary teams with a focus on the water and agriculture sectors. Director of a family owned business specialising in ecommerce, digital publishing and marketing. Consultative Panel member for Committee for Ballarat. Vice-President of Beaufort Primary School Council.
Special responsibilities:	Nil

Name:	Christina Drummond
Title:	Non-executive director (resigned 7 September 2022)
Experience and expertise:	Primary School Principal. Latrobe University Bachelor of Education, Latrobe University Bachelor of Teaching Majors: Sociology, Politics and Culture with a focus on Indigenous Australia, Children's Literature, Riverina Institute of TAFE, Albury Campus Office Administration Certificate III.
Special responsibilities:	Member of Community Investment & Youth Committee

Company secretary

The company secretary is Lynne Dickman. Lynne was appointed to the position of company secretary on 4 December 2019.

Experience and expertise:	Lynne holds a Certificate of Business Management, and a Certificate III in Hospitality -Patisserie. During her working career she has held positions as the Business Manager at a Victorian Government School for 30 years, and as a senior clerk with a local government water board, working in the hospitality industry and childcare industry. Over the years she has been a volunteer with many organisations.

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 $165,412 (30 June 2022: $42,994).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

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

	2023 $
Fully franked dividend of 7.5 cents per share (2022: 6.5 cents)	32,283

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

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

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

Meetings of directors
The number of directors meetings attended by each of the directors of the company during the financial year were:

	Board		Community Investment & Youth		Risk, Governance & Audit		Finance, Strategy & HR	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Alan Thomas McCartney	13	13	9	9	-	-	3	3
Robert John Byrne	13	13	-	-	-	-	3	3
Simone Victoria Annette Hutchings	13	13	-	-	4	4	-	-
Pamela Margaret Sandlant	13	10	-	-	3	3	-	-
Gary Ian Knight	13	12	9	9	-	-	-	-
Greg Walton	13	11	2	2	-	-	3	3
Michaela Stabbins	7	7	5	5	-	-	-	-
Matthew Patrick Bowd	3	3	-	-	-	-	-	-
Christina Drummond	2	-	-	-	-	-	-	-

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 29 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
Alan Thomas McCartney	8,600	-	8,600
Robert John Byrne	750	-	750
Simone Victoria Annette Hutchings	2,000	-	2,000
Pamela Margaret Sandlant	-	-	-
Gary Ian Knight	-	-	-
Greg Walton	2,000	-	2,000
Michaela Stabbins	-	-	-
Matthew Patrick Bowd	-	-	-
Christina Drummond	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. No non-audit services were provided during the year.

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

Alan Thomas McCartney
Chair

5 October 2023

Auditor's independence declaration

Beaufort Community Financial Services Limited

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Beaufort Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

(i) no contraventions of the auditor independence requirements as set out in 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.

CountPro Audit Pty Ltd
....
CountPro Audit Pty Ltd

....
Jason D. Hargreaves
Director

180 Eleanor Drive, Lucas

4th October 2023

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Financial statements

Beaufort Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,063,381	599,793
Other revenue	7	21,115	37,147
Finance revenue	8	1,708	201
Total revenue		1,086,204	637,141
Employee benefits expense	9	(346,054)	(338,323)
Advertising and marketing costs		(7,130)	(3,076)
Occupancy and associated costs		(21,354)	(18,049)
System costs		(16,052)	(18,506)
Depreciation and amortisation expense	9	(36,656)	(32,213)
Finance costs	9	(6,349)	(7,885)
General administration expenses		(89,534)	(90,273)
Total expenses before community contributions and income tax expense		(523,129)	(508,325)
Profit before community contributions and income tax expense		563,075	128,816
Charitable donations, sponsorships and grants expense	9	(342,350)	(71,240)
Profit before income tax expense		220,725	57,576
Income tax expense	10	(55,313)	(14,582)
Profit after income tax expense for the year	23	165,412	42,994
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net gain/(loss) on measurement of investments at fair value		11,555	(46,174)
Other comprehensive income for the year, net of tax		11,555	(46,174)
Total comprehensive income for the year		176,967	(3,180)
		Cents	**Cents**
Basic earnings per share	32	38.43	9.99
Diluted earnings per share	32	38.43	9.99

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

Beaufort Community Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	11	348,943	417,345
Trade and other receivables	12	100,202	73,201
Other investments	13	150,000	-
Total current assets		599,145	490,546
Non-current assets			
Other investments	13	367,703	342,612
Property, plant and equipment	14	87,985	83,476
Right-of-use assets	15	52,273	49,726
Intangible assets	16	48,074	61,132
Deferred tax assets	10	11,152	17,542
Total non-current assets		567,187	554,488
Total assets		1,166,332	1,045,034
Liabilities			
Current liabilities			
Trade and other payables	17	35,536	64,541
Lease liabilities	18	15,772	19,247
Current tax liabilities	10	35,642	7,081
Employee benefits	19	27,076	37,690
Total current liabilities		114,026	128,559
Non-current liabilities			
Trade and other payables	17	29,333	44,000
Lease liabilities	18	44,412	37,070
Employee benefits	19	822	4,061
Lease make good provision	20	36,653	34,942
Total non-current liabilities		111,220	120,073
Total liabilities		225,246	248,632
Net assets		941,086	796,402
Equity			
Issued capital	21	430,440	430,440
Reserves	22	22,337	7,594
Retained earnings	23	488,309	358,368
Total equity		941,086	796,402

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

Beaufort Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Fair value reserve $	Retained earnings $	Total equity $
Balance at 1 July 2021		430,440	53,768	343,353	827,561
Total comprehensive income		-	(46,174)	42,994	(3,180)
Transactions with owners in their capacity as owners:					
Dividends provided for	25	-	-	(27,979)	(27,979)
Balance at 30 June 2022		430,440	7,594	358,368	796,402
Balance at 1 July 2022		430,440	7,594	358,368	796,402
Total comprehensive income		-	11,555	165,412	176,967
Transfer to retained earnings		-	3,188	(3,188)	-
		-	14,743	162,224	176,967
Transactions with owners in their capacity as owners:					
Dividends provided for	25	-	-	(32,283)	(32,283)
Balance at 30 June 2023		430,440	22,337	488,309	941,086

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

Beaufort Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,135,706	659,447
Payments to suppliers and employees (inclusive of GST)		(949,713)	(586,572)
Interest received		744	186
Income taxes paid		(16,196)	(4,040)
Net cash provided by operating activities	31	170,541	69,021
Cash flows from investing activities			
Payments for term deposit		(150,000)	-
Payments for intangibles		(26,666)	-
Net cash used in investing activities		(176,666)	-
Cash flows from financing activities			
Dividends paid	25	(32,283)	(27,979)
Repayment of lease liabilities	18	(29,994)	(18,302)
Net cash used in financing activities		(62,277)	(46,281)
Net increase/(decrease) in cash and cash equivalents		(68,402)	22,740
Cash and cash equivalents at the beginning of the financial year		417,345	394,605
Cash and cash equivalents at the end of the financial year	11	348,943	417,345

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

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

The financial statements cover Beaufort Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 17 Lawrence Street Beaufort, Victoria 3373.

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.

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 and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 5 October 2023. The directors have the power to amend and reissue the financial statements.

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 2022, 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 2023.

Non-financial assets
At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets 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 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 that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. 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.

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3: unobservable inputs for the asset or liability.

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

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 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
The company assesses impairment of non-financial 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 as the higher of its fair value less costs of disposal or value-in-use, each of 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 in March 2027.

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 Bendigo Bank 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

	2023 $	2022 $
Margin income	918,622	443,885
Fee income	44,116	47,212
Commission income	100,643	108,696
	1,063,381	599,793

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, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin income
Margin income on core banking products 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 income
Commission income 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 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

	2023 $	2022 $
Market development fund	10,000	15,000
Dividend and distribution income	11,115	22,147
Other revenue	21,115	37,147

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.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.

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.

Note 8. Finance revenue

	2023 $	2022 $
Interest on cash and cash equivalents	1,708	201

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

Note 9. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	296,118	281,345
Non-cash benefits	1,683	1,994
Superannuation contributions	29,248	28,420
Other expenses	19,005	26,564
	346,054	338,323

Note 9. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	5,812	6,334
Plant and equipment	1,886	3,156
Motor vehicles	2,899	-
	10,597	9,490
Depreciation of right-of-use assets		
Leased land and buildings	13,001	7,543
Motor vehicles	-	3,386
	13,001	10,929
Amortisation of intangible assets		
Franchise fee	2,176	2,220
Franchise renewal fee	10,882	9,574
	13,058	11,794
	36,656	32,213

Finance costs

	2023 $	2022 $
Amortisation of debt establishment costs	-	219
Lease interest expense	3,207	3,025
Unwinding of make-good provision	1,711	1,631
Managed investment administration fees	1,431	3,010
	6,349	7,885

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

Charitable donations, sponsorships and grants

	2023 $	2022 $
Direct donation, sponsorship and grant payments expense	26,561	18,608
Contribution to the Community Enterprise Foundation™	315,789	52,632
	342,350	71,240

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

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

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

Note 9. Expenses (continued)

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

	2023 $	2022 $
Disaggregation of CEF funds		
Opening balance	175,287	152,930
Contributions paid in	315,789	52,632
Grants paid out	(67,845)	(28,507)
Interest received	4,427	863
Management fees incurred	(15,788)	(2,631)
Balance available for distribution	411,870	175,287

Note 10. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	53,837	16,798
Movement in deferred tax	6,390	(17,607)
Investments at FVTOCI	(4,914)	15,391
Aggregate income tax expense	55,313	14,582
Prima facie income tax reconciliation		
Profit before income tax expense	220,725	57,576
Tax at the statutory tax rate of 25%	55,181	14,394
Tax effect of:		
Non-deductible expenses	132	188
Income tax expense	55,313	14,582

		2023			2022	
	Gross	Tax credit / (expense)	Net of tax	Gross	Tax credit / (expense)	Net of tax
Amounts recognised in other comprehensive income	$	$	$	$	$	$
Items that will not be reclassified subsequently to profit or loss						
Fair value gain / (loss) on financial assets	15,231	3,808	11,423	(61,565)	(15,391)	(46,174)
Gain on disposal of investments	176	44	132	-	-	-
Transfer to retained earnings	4,250	1,062	3,188	-	-	-
	19,657	4,914	14,743	(61,565)	(15,391)	(46,174)

Note 10. Income tax (continued)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(2,044)	(3,683)
Carried-forward capital losses	1,774	711
Employee benefits	6,975	10,438
Fair value of investments	(7,446)	(2,532)
Provision for lease make good	9,163	8,736
Accrued expenses	1,000	950
Income accruals	(248)	(6)
Lease liabilities	15,046	11,583
Right-of-use assets	(13,068)	(8,655)
Deferred tax asset	11,152	17,542

	2023 $	2022 $
Provision for income tax	35,642	7,081

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 adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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

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

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

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

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

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

Note 11. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	165,936	235,082
Term deposits	183,007	182,263
	348,943	417,345

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

Note 12. Trade and other receivables

	2023 $	2022 $
Trade receivables	92,189	65,680
Accrued income	987	23
Prepayments	7,026	7,498
	8,013	7,521
	100,202	73,201

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. Other investments

	2023 $	2022 $
Current assets		
Term deposit	150,000	-
Non-current assets		
Managed investments - designated at fair value through other comprehensive income	367,703	342,612

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

Accounting policy for financial assets at fair value through other comprehensive income
Financial assets are recognised at fair value. The company has made an irrevocable election to recognise fair value movements of its investment class through other comprehensive income. The company designated the equity securities shown below as at fair value through other comprehensive income because these equity securities represent financial assets that the company intends to hold for the long term for strategic purposes.

Note 14. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	269,282	269,282
Less: Accumulated depreciation	(197,862)	(192,050)
	71,420	77,232
Plant and equipment - at cost	38,670	38,670
Less: Accumulated depreciation	(34,312)	(32,426)
	4,358	6,244
Motor vehicles - at cost	31,411	-
Less: Accumulated depreciation	(19,204)	-
	12,207	-
	87,985	83,476

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2021	83,566	9,400	-	92,966
Depreciation	(6,334)	(3,156)	-	(9,490)
Balance at 30 June 2022	77,232	6,244	-	83,476
Reclassification	-	-	15,106	15,106
Depreciation	(5,812)	(1,886)	(2,899)	(10,597)
Balance at 30 June 2023	71,420	4,358	12,207	87,985

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 and diminishing value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	6 to 15 years
Plant and equipment	1 to 10 years
Motor vehicles	5 years

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 14. Property, plant and equipment (continued)

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

Note 15. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	176,967	146,313
Less: Accumulated depreciation	(124,694)	(111,693)
	52,273	34,620
Motor vehicles - right-of-use	-	31,411
Less: Accumulated depreciation	-	(16,305)
	-	15,106
	52,273	49,726

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

	Land and buildings $	Motor vehicles $	Total $
Balance at 1 July 2021	41,509	18,492	60,001
Remeasurement adjustments	654	-	654
Depreciation expense	(7,543)	(3,386)	(10,929)
Balance at 30 June 2022	34,620	15,106	49,726
Remeasurement adjustments	30,654	-	30,654
Reclassification	-	(15,106)	(15,106)
Depreciation expense	(13,001)	-	(13,001)
Balance at 30 June 2023	52,273	-	52,273

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

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

Refer to note 18 for more information on lease arrangements.

Note 16. Intangible assets

	2023 $	2022 $
Franchise fee	172,074	172,074
Less: Accumulated amortisation	(164,061)	(161,885)
	8,013	10,189
Franchise renewal fee	99,178	99,178
Less: Accumulated amortisation	(59,117)	(48,235)
	40,061	50,943
	48,074	61,132

Reconciliations of the carrying 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 2021	1,527	6,108	7,635
Additions	10,882	54,409	65,291
Amortisation expense	(2,220)	(9,574)	(11,794)
Balance at 30 June 2022	10,189	50,943	61,132
Amortisation expense	(2,176)	(10,882)	(13,058)
Balance at 30 June 2023	8,013	40,061	48,074

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)	March 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 2027

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

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

Note 17. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	-	7,940
Other payables and accruals	35,536	56,601
	35,536	64,541
Non-current liabilities		
Other payables and accruals	29,333	44,000

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

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

Note 18. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	18,312	11,279
Unexpired interest	(2,540)	(2,018)
Motor vehicle lease liabilities	-	10,216
Unexpired interest	-	(230)
	15,772	19,247
Non-current liabilities		
Land and buildings lease liabilities	47,305	40,416
Unexpired interest	(2,893)	(3,346)
	44,412	37,070

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	56,317	70,940
Remeasurement adjustments	30,654	654
Lease interest expense	3,207	3,025
Lease payments - total cash outflow	(29,994)	(18,302)
	60,184	56,317

Note 18. Lease liabilities (continued)

Maturity analysis

	2023 $	2022 $
Not later than 12 months	18,312	21,495
Between 12 months and 5 years	47,305	33,908
Greater than 5 years	-	6,508
	65,617	61,911

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

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

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

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

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

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Beaufort branch premises	4.79%	5 years	1 x 5 years	Yes	January 2027

Note 19. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	17,623	27,852
Long service leave	9,453	9,838
	27,076	37,690
Non-current liabilities		
Long service leave	822	4,061

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.

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

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

Note 20. Lease make good provision

	2023 $	2022 $
Lease make good provision	36,653	34,942

Lease make good provision
In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision as at $43,500 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire on January 2027 at which time it is expected the face-value costs to restore the premises will fall due.

Note 20. Lease make good provision (continued)

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. The 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 21. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	430,440	430,440	430,440	430,440

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

Note 21. Issued capital (continued)

- 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").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 258. As at the date of this report, the company had 284 shareholders (2022: 286 shareholders).

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 their associates) has a prohibited shareholding interest in 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 22. Reserves

	2023 $	**2022 $**
Equity securities at fair value through other comprehensive income reserve	22,337	7,594

Equity securities at fair value through other comprehensive income reserve
The reserve is used to recognise increments and decrements in the fair value of equity securities at fair value through other comprehensive income.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

	Fair Value $
Balance at 1 July 2021	53,768
Fair value movement on equity instruments designated at FVTOCI	(46,174)
Balance at 30 June 2022	7,594
Fair value movement on equity instruments designated at FVTOCI	11,423
Gain on disposal of equity instruments designated at FVTOCI	132
Transfer to retained earnings	3,188
Balance at 30 June 2023	22,337

Note 23. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	358,368	343,353
Profit after income tax expense for the year	165,412	42,994
Dividends paid (note 25)	(32,283)	(27,979)
Transfers from other comprehensive income	(3,188)	-
Retained earnings at the end of the financial year	488,309	358,368

Note 24. 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 25. Dividends

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

	2023 $	2022 $
Fully franked dividend of 7.5 cents per share (2022: 6.5 cents)	32,283	27,979

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	188,216	193,502
Franking credits (debits) arising from income taxes paid (refunded)	16,196	4,040
Franking debits from the payment of franked dividends	(10,761)	(9,326)
	193,651	188,216
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	193,651	188,216
Franking credits (debits) that will arise from payment (refund) of income tax	35,642	7,081
Franking credits available for future reporting periods	229,293	195,297

Note 25. Dividends (continued)

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 26. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	93,176	65,703
Cash and cash equivalents	348,943	417,345
Financial assets	517,703	342,612
	959,822	825,660
Financial liabilities		
Trade and other payables	64,869	108,541
Lease liabilities	60,184	56,317
	125,053	164,858

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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $348,943 at 30 June 2023 (2022: $417,345).

Note 26. Financial instruments (continued)

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.

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

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.

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	35,536	29,333	-	64,869
Lease liabilities	18,312	47,305	-	65,617
Total non-derivatives	53,848	76,638	-	130,486

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	64,541	44,000	-	108,541
Lease liabilities	21,495	33,908	6,508	61,911
Total non-derivatives	86,036	77,908	6,508	170,452

Note 27. Fair value measurement

2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	367,703	-	-	367,703
Total assets	367,703	-	-	367,703

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	342,612	-	-	342,612
Total assets	342,612	-	-	342,612

There were no transfers between levels during the financial year.

Note 27. Fair value measurement (continued)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 28. Key management personnel disclosures

The following persons were directors of Beaufort Community Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Alan Thomas McCartney
Robert John Byrne
Simone Victoria Annette Hutchings
Pamela Margaret Sandlant
Gary Ian Knight
Greg Walton
Michaela Stabbins
Matthew Patrick Bowd
Christina Drummond

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

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

Note 29. Related party transactions

The following transactions occurred with related parties:

	2023 **$**	**2022** **$**
Director Catherine Goninon, as co-owner of Mountainside Wines, provided catering services for the company's Christmas function. Total benefit received (including GST) was:	-	585
Company Secretary Lynne Dickman, as owner of El Dee Catering, provided catering services for the company's Christmas function. Total benefit received was:	-	728

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

Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by CountPro Audit Pty Ltd, the auditor of the company:

	2023 **$**	**2022** **$**
Audit services		
Audit or review of the financial statements	6,125	6,025

Note 31. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	165,412	42,994
Adjustments for:		
Depreciation and amortisation	36,656	32,213
Change in operating assets and liabilities:		
Increase in trade and other receivables	(27,001)	(13,384)
Decrease/(increase) in deferred tax assets	6,390	(10,798)
Increase/(decrease) in trade and other payables	(27,335)	9,801
Increase in provision for income tax	28,561	7,016
Decrease in employee benefits	(13,853)	(452)
Increase in other provisions	1,711	1,631
Net cash provided by operating activities	170,541	69,021

Note 32. Earnings per share

	2023 $	2022 $
Profit after income tax	165,412	42,994
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	430,440	430,440
Weighted average number of ordinary shares used in calculating diluted earnings per share	430,440	430,440
	Cents	**Cents**
Basic earnings per share	38.43	9.99
Diluted earnings per share	38.43	9.99

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Beaufort Community Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 33. Commitments

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

Note 34. Contingencies

There were no contingent liabilities or contingent assets at the date of this report.

Note 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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

30 June 2023

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 2023 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

Alan Thomas McCartney
Chair

5 October 2023

Independent Auditor's Report

To the Directors of Beaufort Community Financial Services Limited

Opinion

We have audited the financial report of Beaufort Community Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2023 and of its financial performance for the year ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Responsibilities of Directors for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determines 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 intends to liquidate the Company or to cease operations, or has 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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Independent Auditor's Report
To the Directors of Beaufort Community Financial Services Limited

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 Director's 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.

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

CountPro Audit Pty Ltd
……………………………………………
CountPro Audit Pty Ltd

……………………………………………
Jason D. Hargreaves
Director

Signed at Lucas
6th October 2023

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Bendigo Bank

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