Annual Report 2023

Epping and Districts Financial Services Limited

Community Bank
Epping

ABN 57 104 573 499

Contents

Chair's Report

For the financial year ending 30 June 2023

I am delighted to report that the Community Bank, Epping - currently the *only* bank in the Epping district, or in Beecroft, Cheltenham and Marsfield - achieved outstanding success in the 2022-23 financial year. Competition in the financial industry continues to be fiercely competitive, particularly since the Reserve Bank raised interest rates to their highest level in almost a decade, and there is increasing focus on digital banking services. Nevertheless, our business growth has been excellent and we have achieved increased profits in a difficult market.

Much of this success must be attributed to our exceptional staff, most capably led by Branch Manager Stephen Hu. Stephen's leadership has produced a dedicated team with the highest professional standards in providing excellent service to our customers and to our local community. Congratulations and thanks to Junie, Karen and Julie. A fitting tribute to the staff was the branch being selected as a Finalist in the Outstanding Professional Services category in the 2023 Northern Districts Local Business Awards.

The real benefit of our growth in profits is that more funding becomes available to support our local community, in providing grants for local not-for-profit organisations, welfare agencies, community groups, schools, charities, and sporting clubs. Our community contributions are steadily growing towards the $2 million mark in total.

Our thanks to our Board of volunteer Directors who have continued a prudent and disciplined approach to financial management, which has facilitated the branch's successful operation, the achievement of an increased annual profit, and a substantial dividend to our shareholders. As individuals, and as a cohesive group, they bring passion and hard work to support the staff in the best interests of our company and, most importantly, for the benefit of our community. We were pleased to welcome three new Directors to our Board in the last financial year – Janet McGarry, Jacquie McCann and Justin Kang, who bring a wealth of experience to their roles, with extensive backgrounds in marketing, business and the law.

We appreciate the efforts of our selfless group of long-serving community volunteers who have continued their work despite ongoing difficulties. In the current economic climate, many volunteer organisations are finding it hard to maintain numbers, but we are confident of attracting more community members to our grass-roots committees.

I thank you, as our shareholders, for your financial and community investment in our bank, and for your ongoing perseverance and commitment to strengthening our local community through the work of our company. This is what makes us most emphatically different from the Big Four Banks, and without your support we would not *be* such a successful community-based bank.

In December 2023, we will renew our Franchise Agreement with the Bendigo and Adelaide Bank for five more years. At the same time, we will renew our lease on the Pembroke St premises for another three years, with an option for an additional three years as well.

I look forward with confidence to the continued success of our community enterprise.

Robert Phillips

Robert Phillips
Chair
Epping and Districts Financial Services Ltd

Manager’s Report

For the financial year Ending 30 June 2023

Dear Shareholders,

I am honored to present the Annual Report for the year ending 30 June 2023 for Epping Community Bank Branch of Bendigo and Adelaide Bank. As the Manager, I am delighted to share with you the remarkable success we have achieved during this financial year.
Bendigo Bank stands as one of Australia's most trusted brands, and as a Community Bank branch, we remain dedicated to enriching our local community while actively seeking opportunities for growth within the banking industry.

In a highly competitive financial market, characterised by the Reserve Bank of Australia raising its cash rate to the highest level in nine years, and an increasing shift towards digital banking, we successfully expanded our loan book and increased our overall business size. This accomplishment is a testament to our commitment to serving our customers' evolving needs.

I extend my heartfelt appreciation to our exceptional team at our Branch. Junie, Karen, and Julie, our dedicated customer service staff, exhibited unwavering dedication and adaptability throughout this transformative year.

I extend my gratitude to our Board of volunteer Directors, members of the Community Funding and Business Development Committee, and the Governance Committee. Their tireless efforts in supporting our team and ensuring the continued success of our business have been instrumental.

I want to express special thanks to our loyal customers and shareholders for their steadfast support during these challenging times. Your commitment to our mission is truly commendable.

I am grateful to our Regional Manager, Tom Woods, and the State Office Team for their unwavering support for our branch. Their collaboration enables us to provide comprehensive banking solutions to meet our customers' diverse needs.

As a Community Bank branch, we are an integral part of our local community, championing local businesses and providing high-quality banking services. Our unique position allows us to deliver both financial benefits and community support, enriching the lives of those we serve.

We remain confident that our robust business growth sets a strong foundation for a positive long-term outlook. Joining our bank means experiencing personalised customer service while simultaneously supporting our vibrant community.

When you bank with our local Branch, you become part of something greater than a financial institution. We invite all shareholders who have not yet experienced our services to visit the branch and discover how we can assist you with your banking needs.

Thank you for your continued trust and support. We eagerly anticipate another year of successful service to our valued customers and community.

Sincerely,

Stephen Hu
Manager
Epping Community Bank Branch of Bendigo and Adelaide Bank

Our Community Funding and Investment

During the financial year ended 30 June 2023, the following community organisations have received financial support from the Community Bank Epping:

- Birdlife Australia
- Boronia Grove Mural
- Carols in the Park
- Christian Community Aid
- Epping Baptist Church
- Epping Boys High School
- Epping Bulls Cricket Club
- Epping Districts Athletics Club
- Epping-Eastwood Lions Club
- Epping Heights Public School
- Epping North Public School
- Epping Public School
- Epping Rotary Club
- Macquarie Singers
- National Centre for Childhood Grief
- North Epping Bowling and Community Club
- North Epping Carols
- North Epping Men's Shed
- North Epping Probus Club
- North Epping Rangers Sports Club
- Powerful Owl Project
- Ray Park Heritage Group
- Riding for the Disabled
- Rosemont Chamber Orchestra
- Ryde Saints United Football Club
- Share the Dignity

The Shared Value Model

The Epping Community Bank Branch of Bendigo and Adelaide Bank operates on the principle of **Shared Value**.

Shared Value is:

- not just 'shared values', however noble those values might be;
- nor is it just a sense of 'social conscience' or 'social responsibility';
- nor is it just 'corporate philanthropy'.

It is all of these, and much more.

It embodies the link between business success **and** corporate social responsibility – the success of a company and the social health of the community around it are mutually dependent.

Our community bank is a franchisee of Bendigo and Adelaide Bank. It uses the bank's infrastructure and expertise to provide local community members with financial and banking services through a successful community business venture. The crucial point of difference from other banks is that, under the terms of the franchise agreement, our community bank reinvests up to 80% of its net profits back into the community to support local initiatives and stimulate community well-being. We are a **genuine** community bank.
Shareholders expect a financial return, but they are also committing to a community investment for the benefit of their community as a whole.

The community is at the centre of the business, not at the margins. Our high-quality banking services are the means to the end – to generate profits, and thus provide funds to support our community.

Since our foundation in 2003, our company has returned over $1.7 million to OUR community in a wide variety of projects. We must stress that these funds come from OUR Epping branch, OUR local company, not from 'the Bendigo Bank'.

The members of our community who bank with us receive high quality banking services - and are the source of our profits. The more people who bank with our branch, the higher our profits. The higher our profits, the more funds we can pass back into local community projects and to our shareholders. It is a WIN-WIN-WIN situation.

Epping and Districts Financial Services Limited

ABN 57 104 573 499

Financial Report - 30 June 2023

Epping and Districts Financial Services Limited
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:	Robert Michael Phillips
Title:	Non-executive director
Experience and expertise:	High School Educator for 38 years. High School Principal for 12 years. Life member, NSW Secondary Principals Council. Member, Australian Institute for Teaching and School Leadership. Trained Mediator, NSW Department of Education. Director and Honorary Secretary, North Epping Bowling and Community Club Ltd. Trained in Director Foundation and Management Collaboration.
Special responsibilities:	Company Chair, Member Finance Committee, Member Governance Committee, Member Community Funding & Business Development Committee

Name:	Craig Eric Gallagher
Title:	Non-executive director
Experience and expertise:	38 years Epping/Eastwood suburban legal practitioner; 1995 appointed Trustee State Sports Centre Trust until its closure; 1998 to March 2012 Trustee and Chairman of Parramatta Stadium Trust; from March 2012 to 2017 Chairman of Sydney Local Venue Council and Director of Venues NSW Authority; September 2012 appointed trustee Sydney University Centre for Disabilities Studies and member and Director of Epping Rotary Club for 21 years.
Special responsibilities:	Deputy Chairman, Member of Governance Committee, Member of Community Funding & Business Development Committee

Name:	Ian David Bittner
Title:	Non-executive director
Experience and expertise:	B.Sc., Grad Dip Man. More than 40 years experience in private and public pathology companies including time as Chief General Manager of Malaysia and Singapore operations. Eighteen years of service and currently serving as President of the Rotary Club of Epping. Currently employed by NSW Health Pathology in Quality and Clinical Governance role.
Special responsibilities:	Company Secretary, Member Governance, Risk and HR Committee

Name:	Robyn Dawn Clark
Title:	Non-executive director
Experience and expertise:	Masters of Educational Leadership, Director Loreto Normanhurst Board 2013-2019, Chair of Principal Selection Committee. Senior HR professional for over 25 years, career in financial services, printing and technology industries.
Special responsibilities:	Chair of Governance, Risk & HR Committee

Name:	Janet Pauline McGarry
Title:	Non-executive director
Experience and expertise:	Marketing and Communications Senior Executive, with more than 30 years' experience in the tourism industry, and acknowledged as an industry leader. Active for more than 20 years in the local Epping community with 5 years spent as President of Epping Civic Trust.
Special responsibilities:	Chair Community Funding and Business Development Committee

Name:	Jacqueline McCann
Title:	Non-executive director (appointed 14 January 2023)
Experience and expertise:	Strategic Planning, Financial Management, Business Management. Experience includes banking, electronics, education and not-for-profit.
Special responsibilities:	Nil

Name:	Justin Lian Sin Kang
Title:	Non-executive director (appointed 26 April 2023)
Experience and expertise:	Legal services, currently partner in Dentons Australia Ltd.
Special responsibilities:	Nil

Name:	Ronald Lester Cardwell
Title:	Non-executive director (resigned 1 November 2022)
Experience and expertise:	Practicing accountant for over 33 years, specialising in insolvency and forensic accounting.
Special responsibilities:	Treasurer and Member of Finance Committee

Company secretary
The company secretary is Ian David Bittner. Ian was appointed to the position of company secretary on 21 November 2017.

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 $246,657 (30 June 2022: $33,393).

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 paid. The dividends have been provided for in the financial statements.

	2023 **$**
Fully franked dividend of 4 cents per share (2022: 4 cents)	20,440

Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 10 cents per share, to be paid on 28 September 2023. The financial impact of the dividend, amounting to $51,100.80, has not been recognised in the financial statements for the financial year ended 30 June 2023, and will be recognised in the subsequent financial statements.

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

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 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.

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.

Epping and Districts Financial Services Limited
Directors' report
30 June 2023

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

	Board		Governance and HR Committee		Community Funding Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Robert Michael Phillips	11	11	5	5	9	9
Craig Eric Gallagher	11	10	5	5	9	8
Ian David Bittner	11	10	5	5	-	-
Robyn Dawn Clark	11	11	5	5	-	-
Janet Pauline McGarry	11	10	-	-	3	3
Jacqueline McCann	6	4	-	-	-	-
Justin Lian Sin Kang	3	3	-	-	-	-
Ronald Lester Cardwell	4	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.

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
Robert Michael Phillips	1,000	-	1,000
Craig Eric Gallagher	-	-	-
Ian David Bittner	-	-	-
Robyn Dawn Clark	-	-	-
Janet Pauline McGarry	-	-	-
Jacqueline McCann	-	-	-
Justin Lian Sin Kang	-	-	-
Ronald Lester Cardwell	-	-	-

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.

Epping and Districts Financial Services Limited
Directors' report
30 June 2023

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 24 to the accounts.

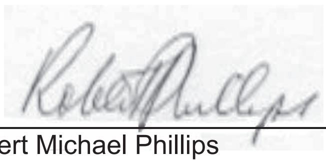
The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

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

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

On behalf of the directors



Robert Michael Phillips
Chair

27 September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
(03) 5443 0344

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

As lead auditor for the audit of Epping and Districts Financial Services Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2023

Joshua Griffin
Lead Auditor

Epping and Districts 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	1,456,442	896,868
Other revenue		1,427	-
Finance revenue		11,722	6,702
Total revenue		1,469,591	903,570
Employee benefits expense	7	(412,200)	(397,589)
Advertising and marketing costs		(63,155)	(30,684)
Occupancy and associated costs		(13,518)	(11,081)
System costs		(34,433)	(41,385)
Depreciation and amortisation expense	7	(74,460)	(70,666)
Finance costs		(9,965)	(10,531)
General administration expenses		(74,159)	(98,425)
Total expenses before community contributions and income tax expense		(681,890)	(660,361)
Profit before community contributions and income tax expense		787,701	243,209
Charitable donations, sponsorships and grants expense	7	(458,486)	(198,547)
Profit before income tax expense		329,215	44,662
Income tax expense	8	(82,558)	(11,269)
Profit after income tax expense for the year	18	246,657	33,393
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		246,657	33,393
		Cents	**Cents**
Basic earnings per share	26	48.27	6.53
Diluted earnings per share	26	48.27	6.53

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

Epping and Districts Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	1,092,038	793,097
Trade and other receivables	10	137,317	99,697
Total current assets		1,229,355	892,794
Non-current assets			
Property, plant and equipment	11	71,996	91,441
Right-of-use assets	12	268,416	310,248
Intangibles	13	5,494	18,677
Deferred tax assets	8	26,181	19,261
Total non-current assets		372,087	439,627
Total assets		1,601,442	1,332,421
Liabilities			
Current liabilities			
Trade and other payables	14	39,328	47,200
Lease liabilities	15	36,916	34,539
Current tax liabilities	8	81,348	920
Employee benefits	16	76,997	70,723
Total current liabilities		234,589	153,382
Non-current liabilities			
Lease liabilities	15	246,101	283,017
Employee benefits	16	11,991	13,902
Lease make good provision		16,438	16,014
Total non-current liabilities		274,530	312,933
Total liabilities		509,119	466,315
Net assets		1,092,323	866,106
Equity			
Issued capital	17	479,929	479,929
Retained earnings	18	612,394	386,177
Total equity		1,092,323	866,106

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

Epping and Districts Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		479,929	373,224	853,153
Profit after income tax expense		-	33,393	33,393
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	33,393	33,393
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(20,440)	(20,440)
Balance at 30 June 2022		479,929	386,177	866,106

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		479,929	386,177	866,106
Profit after income tax expense		-	246,657	246,657
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	246,657	246,657
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(20,440)	(20,440)
Balance at 30 June 2023		479,929	612,394	1,092,323

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

Epping and Districts 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)		1,556,659	979,330
Payments to suppliers and employees (inclusive of GST)		(1,181,755)	(861,741)
Interest received		10,970	6,702
Income taxes refunded/(paid)		(9,050)	5,242
Net cash provided by operating activities	25	376,824	129,533
Cash flows from investing activities			
Payments for property, plant and equipment		-	(30,737)
Payments for intangible assets		(13,844)	(13,844)
Net cash used in investing activities		(13,844)	(44,581)
Cash flows from financing activities			
Dividends paid	20	(20,440)	(20,440)
Repayment of lease liabilities	15	(43,599)	(42,327)
Net cash used in financing activities		(64,039)	(62,767)
Net increase in cash and cash equivalents		298,941	22,185
Cash and cash equivalents at the beginning of the financial year		793,097	770,912
Cash and cash equivalents at the end of the financial year	9	1,092,038	793,097

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

Note 1. Reporting entity

The financial statements cover Epping and Districts 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 Unit 1, 2 Pembroke Street, Epping NSW 2121.

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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 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.

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.

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.

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

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 November 2023.

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.

Note 5. Economic dependency (continued)

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	1,350,666	802,372
Fee income	43,381	42,556
Commission income	62,395	51,940
	1,456,442	896,868

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

Fee income
Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank 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. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	362,712	351,302
Superannuation contributions	36,682	31,225
Expenses related to long service leave	674	2,130
Other expenses	12,132	12,932
	412,200	397,589

Note 7. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	13,806	12,038
Plant and equipment	5,639	3,613
	19,445	15,651
Depreciation of right-of-use assets		
Leased land and buildings	41,832	41,832
Amortisation of intangible assets		
Franchise fee	2,197	2,197
Franchise renewal fee	10,986	10,986
	13,183	13,183
	74,460	70,666

Charitable donations, sponsorships and grants

	2023 $	2022 $
Direct donation, sponsorship and grant payments	58,486	48,547
Contribution to the Community Enterprise Foundation™	400,000	150,000
	458,486	198,547

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.

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	11,927	18,225

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

Note 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	89,478	10,966
Movement in deferred tax	(6,920)	303
Aggregate income tax expense	82,558	11,269
Prima facie income tax reconciliation		
Profit before income tax expense	329,215	44,662
Tax at the statutory tax rate of 25%	82,304	11,166
Tax effect of:		
Non-deductible expenses	254	103
Income tax expense	82,558	11,269

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(4,378)	(8,878)
Employee benefits	22,247	21,156
Provision for lease make good	4,110	4,004
Accrued expenses	1,050	1,462
Income accruals	(498)	(310)
Lease liabilities	70,754	79,389
Right-of-use assets	(67,104)	(77,562)
Deferred tax asset	26,181	19,261

	2023 $	2022 $
Provision for income tax	81,348	920

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.

Note 8. Income tax (continued)

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 9. Cash and cash equivalents

	2023 $	2022 $
Cash on hand	97	100
Cash at bank and on hand	497,682	209,474
Term deposits	594,259	583,523
	1,092,038	793,097

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 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	128,733	81,802
Other receivables and accruals	650	11,118
Accrued income	1,990	1,238
Prepayments	5,944	5,539
	8,584	17,895
	137,317	99,697

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 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	80,259	80,259
Less: Accumulated depreciation	(28,811)	(15,005)
	51,448	65,254
Plant and equipment - at cost	61,071	61,071
Less: Accumulated depreciation	(40,523)	(34,884)
	20,548	26,187
	71,996	91,441

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 $	Total $
Balance at 1 July 2021	64,435	11,920	76,355
Additions	12,857	17,880	30,737
Depreciation	(12,038)	(3,613)	(15,651)
Balance at 30 June 2022	65,254	26,187	91,441
Depreciation	(13,806)	(5,639)	(19,445)
Balance at 30 June 2023	51,448	20,548	71,996

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

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

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

Leasehold improvements	5 to 6 years
Plant and equipment	1 to 25 years

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

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

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

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

Note 12. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	376,223	376,223
Less: Accumulated depreciation	(107,807)	(65,975)
	268,416	310,248

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

	Land and buildings $
Balance at 1 July 2021	352,080
Depreciation expense	(41,832)
Balance at 30 June 2022	310,248
Depreciation expense	(41,832)
Balance at 30 June 2023	268,416

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 15 for more information on lease arrangements.

Note 13. Intangibles

	2023 $	2022 $
Franchise fee	83,917	83,917
Less: Accumulated amortisation	(83,001)	(80,804)
	916	3,113
Franchise renewal fee	169,577	169,577
Less: Accumulated amortisation	(164,999)	(154,013)
	4,578	15,564
	5,494	18,677

Note 13. Intangibles (continued)

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	5,310	26,550	31,860
Amortisation expense	(2,197)	(10,986)	(13,183)
Balance at 30 June 2022	3,113	15,564	18,677
Amortisation expense	(2,197)	(10,986)	(13,183)
Balance at 30 June 2023	916	4,578	5,494

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)	November 2023
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2023

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 14. Trade and other payables

	2023 $	**2022 $**
Current liabilities		
Trade payables	3,634	-
Other payables and accruals	35,694	47,200
	39,328	47,200

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 15. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	44,906	43,598
Unexpired interest	(7,990)	(9,059)
	36,916	34,539
Non-current liabilities		
Land and buildings lease liabilities	267,520	312,426
Unexpired interest	(21,419)	(29,409)
	246,101	283,017

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	317,556	349,825
Lease interest expense	9,060	10,058
Lease payments - total cash outflow	(43,599)	(42,327)
	283,017	317,556

Maturity analysis

	2023 $	2022 $
Not later than 12 months	44,906	43,598
Between 12 months and 5 years	193,505	187,869
Greater than 5 years	74,015	124,557
	312,426	356,024

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

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

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

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

Note 15. Lease liabilities (continued)

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
Pembroke Street Branch	3.00%	3 years	2 x 3 years	Yes	November 2029

Note 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	57,330	53,641
Long service leave	19,667	17,082
	76,997	70,723
Non-current liabilities		
Long service leave	11,991	13,902

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.

Note 16. Employee benefits (continued)

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

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	511,008	511,008	511,008	511,008
Less: Equity raising costs	-	-	(31,079)	(31,079)
	511,008	511,008	479,929	479,929

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:

- 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").

Note 17. Issued capital (continued)

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 18. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	386,177	373,224
Profit after income tax expense for the year	246,657	33,393
Dividends paid (note 20)	(20,440)	(20,440)
Retained earnings at the end of the financial year	612,394	386,177

Note 19. 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 20. Dividends

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

	2023 $	2022 $
Fully franked dividend of 4 cents per share (2022: 4 cents)	20,440	20,440

Dividends proposed but not recognised at balance date
Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 10 cents per share, to be paid on 28 September 2023. The financial impact of the dividend, amounting to $51,100.80, has not been recognised in the financial statements for the financial year ended 30 June 2023, and will be recognised in the subsequent financial statements.

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	229,911	241,967
Franking credits (debits) arising from income taxes paid (refunded)	9,050	(5,243)
Franking debits from the payment of franked distributions	(6,813)	(6,813)
	232,148	229,911
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	232,148	229,911
Franking credits (debits) that will arise from payment (refund) of income tax	81,348	920
Franking credits available for future reporting periods	313,496	230,831

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 21. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	131,373	94,158
Cash and cash equivalents	1,092,038	793,097
	1,223,411	887,255
Financial liabilities		
Trade and other payables	39,328	47,200
Lease liabilities	283,017	317,556
	322,345	364,756

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

Note 21. Financial instruments (continued)

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

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

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

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

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

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 $1,092,038 at 30 June 2023 (2022: $793,097).

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 rates 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.

Note 21. Financial instruments (continued)

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	39,328	-	-	39,328
Lease liabilities	44,906	193,505	74,015	312,426
Total non-derivatives	84,234	193,505	74,015	351,754

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	47,200	-	-	47,200
Lease liabilities	43,598	187,869	124,557	356,024
Total non-derivatives	90,798	187,869	124,557	403,224

Note 22. Key management personnel disclosures

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

Robert Michael Phillips
Craig Eric Gallagher
Ian David Bittner
Robyn Dawn Clark
Janet Pauline McGarry
Jacqueline McCann
Justin Lian Sin Kang
Ronald Lester Cardwell

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 23. Related party transactions

There were no transactions with related parties during the current and previous financial year.

Note 24. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	6,362	8,330
Share registry services	3,764	2,785
	10,786	11,715
	16,186	16,915

Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	246,657	33,393
Adjustments for:		
Depreciation and amortisation	74,460	70,666
Lease liabilities interest	9,060	10,058
Change in operating assets and liabilities:		
Increase in trade and other receivables	(37,620)	(7,538)
Decrease in income tax refund due	-	15,288
Decrease/(increase) in deferred tax assets	(6,920)	303
Increase in trade and other payables	5,972	140
Increase in provision for income tax	80,428	920
Increase in employee benefits	4,363	5,830
Increase in other provisions	424	473
Net cash provided by operating activities	376,824	129,533

Note 26. Earnings per share

	2023 $	2022 $
Profit after income tax	246,657	33,393
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	511,008	511,008
Weighted average number of ordinary shares used in calculating diluted earnings per share	511,008	511,008

Note 26. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	48.27	6.53
Diluted earnings per share	48.27	6.53

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

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. 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.

Epping and Districts Financial Services Limited
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;

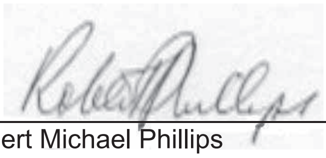
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- 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



Robert Michael Phillips
Chair

27 September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Independent auditor’s report to the Directors of Epping and Districts Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Epping and Districts Financial Services Limited (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

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

i. giving a true and fair view of the company’s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

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

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

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

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

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Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2023

Joshua Griffin
Lead Auditor

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Bendigo Bank

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