Annual Report 2023

Fairy Meadow Community Financial Services Limited

Community Bank Wollongong

ABN 16 104 140 641

Contents

Chairperson's report

For year ending 30 June 2023

The Reserve Bank of Australia's conservative stance on monetary policy which reduced interest rates to record lows during the COVID-19 period was dramatically and unexpectedly reversed in May last year, with twelve rate rises taking the Reserve Bank's current target cash rate to 4.1% (an increase of 4%).

This has been great news for our customers who are depositors but has adversely impacted borrowers as it has resulted in softening demand for housing loans, and the emergence of greater competition for business (based on price) in the marketplace.

As is well known, the RBA embarked on aggressive interest rate rises to dampen consumer spending and bring inflation back under control. While inflation in Australia peaked late last year at 7.8 per cent, it has declined to 6 per cent and the RBA expects further declines over the quarters ahead, to the point where it is forecast by the RBA to be back within the 2–3 per cent target range by late 2025.

Employment growth has been surprisingly strong in this high interest rate/high inflation cycle, with the unemployment rate being close to around 3½ per cent for a year now, the lowest level of unemployment for almost half a century. The participation rate is also at a record high, with many women and young people benefiting from this. This is one of the positive legacies of the stimulatory policy response to the pandemic, coupled with very low levels of immigration during the COVID-19 period.

Overall, the Australian economy is currently experiencing a period of below-trend growth, and this is expected to continue for a while yet. Many households are facing a painful squeeze on their budgets and consumer demand has slowed considerably, not least because high inflation is eroding people's real incomes. The increase in interest rates is also weighing on disposable incomes for many households, although others are benefiting from the higher interest earned on their savings. Some households who borrowed at low interest rates during the pandemic are finding conditions very difficult, as are some renters.

These latter influences have played out in our book this past year, with total retained deposits (both at call and term deposits) declining in the year as customers have drawn down cash to meet higher interest rates on borrowings and the inflationary impacts on daily cost of living. Lending growth has also been slower than we would have liked, with greater competition in mortgage pricing emerging in the market as interest rates have risen and allowed for more discretionary pricing offers.

Notwithstanding the above, FMCFS has returned to profitability this year, because of almost monthly increases in interest rates. Total Income grew by 93% year on year, (from $732,377 in 2022 to $1,415,258 in 2023), and net income (after expenses and tax) grew to $456,850 (from a loss of $15,915 in 2022). Expenses in the year continued to be well contained.

This outstanding result has allowed the Board to do a number of things:

- Declare a dividend of 10¢ for all shareholders, payable on 18 December 2023
- Undertake a strategic review of the business, which has resulted in a branch restructure, and undertake a search for a Branch Manager (who will have an inhouse lending target)
- Actively search for another mobile lender to enhance our lending capabilities
- Appoint a third party specialist to uplift our Marketing and Communications activities to better leverage off the opportunities in the Wollongong region, where demographic forecasts anticipate strong population growth over the next two decades.

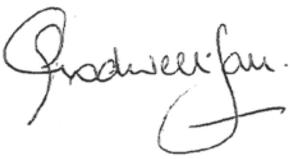
As reported last year, the Bendigo and Adelaide Bank has invested significantly in several initiatives which have had direct benefit to the Community Bank sector in general, and the Community Branch Wollongong in particular. This has resulted in an extensive redesign of the content of reporting at the Branch level, enabling Directors to have better visibility of key branch performance matrices, and risk and compliance issues each month.

The Branch restructure resulted in Colleen Butfield leaving the business as Branch Operations Manager in June, to be replaced in the new financial year by Stephen Cook, who has been appointed to the position of Branch Manager, and who has been given a lending target as well as operational responsibility for the branch. Colleen leaves us with thanks for her hard work, and the Board's best wishes for her future, while she pursues a career outside of the banking environment. Also leaving during the year was Mark Tyson, who took up an offer of promotion in Bendigo Bank Corporate, leading the internal Policy team. We wish Mark all the best in this challenging role, where he will bring to bear the significant experience he gained at the coal face during the ten years he worked at Community Bank Wollongong.

The Board would like to thank all staff for their loyalty, hard work and continuing customer focus during what has been a period of significant change in the branch.

The year saw some changes to the composition of the Board as well. The Board extends thanks to Sarah Lees who did a sterling job as Company Secretary during her tenure. The Board would also like to congratulate Sarah on her significant promotion in the NSW Public Service, into a role where she is sure to continue to thrive and succeed. Joining the Board this year have been Bobbi Brodie (appointed 19 September 2022) and now serving as Treasurer, and Amy Lewis (appointed 24 March 2023).

On behalf of the Board, I thank you – customers, shareholders and all other stakeholders - for your continued support and loyalty. With the return to profitability, we look forward to investing in and growing the business in 2024 and beyond, and appreciate your support towards this end.



Anthony Rodwell-Ball
Chairperson

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

Directors' report

The Directors present their report of the Company for the financial year ended 30 June 2023.

Directors

The following persons were Directors of Fairy Meadow Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Name of Director		Period as Director	Qualifications & Special Responsibilities	
Anthony Rodwell-Ball	appointed	27/07/2020	Company Director	Chairman / Treasurer
Anthony O'Connor	appointed	29/04/2014	Retired CEO	
Sarah Lees	appointed	28/02/2022	Director	Secretary
Sarah Lees	resigned	2/06/2023		
Mitchell James	appointed	28/02/2022	Company Director	
Teagan Curtin	appointed	26/07/2022	Financial Planner	Secretary
Bobbi Brodie	appointed	19/09/2022	Director - NSW Public Service	Treasurer
Amy Lewis	appointed	24/03/2023	Leasing Executive	

No Directors have material interests in contracts or proposed contracts with the Company.

Directors' meetings

Attendances by each Director during the year were as follows:

	Board Meetings	
Director	Attended	Eligible to Attend
Anthony Rodwell-Ball	4	5
Anthony O'Connor	5	5
Sarah Lees	4	4
Mitchell James	5	5
Teagan Curtin	2	4
Bobbi Brodie	5	5
Amy Lewis	1	1

Principal activities

The principal activities of the Company during the course of the financial year were in providing Community Bank® branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There have been no significant changes in the nature of these activities during the year.

Review of operations

The profit of the Company for the financial year after provision for income tax was $456,850 (2022 loss $15,915).

Dividends

Since the end of the financial year the directors have recommended the payment of a final ordinary dividend of $68,000 (10 cents per fully paid share) to be paid on 18 December 2023 out of retained earnings at 30 June 2023.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Environmental regulations

The Company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The Company has agreed to indemnify each Officer (Directors, Secretary and employees) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. the Company also has Officers' Insurance for the benefit of Officers of the Company against any liability incurred by an Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 8 of this financial report. No Officer of the Company is or has been a partner of the Auditor of the Company.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Equity holdings of key management personnel

No Directors or key management personnel held any ordinary shares in the Company during the current or comparative financial year.

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Signed in accordance with a resolution of the Board of Directors 15 September 2023.

....	....
Anthony Rodwell-Ball	**Bobbi Brodie**
Director	**Director**

Auditor's independence declaration

DALEY
AUDIT

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Fairy Meadow Community Financial Services Limited

As lead auditor for the audit of Fairy Meadow Community 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 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.

Daley Audit

Stephen Milgate
Partner

Wollongong

15 September 2023

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CHARTERED ACCOUNTANTS AUSTRALIA + NEW ZEALAND

Financial statements

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	2	1,415,258	732,377
Expenses			
Employee benefits expense	3	(455,910)	(462,177)
Depreciation and amortisation	3	(27,561)	(38,543)
Administration and general costs		(104,610)	(104,649)
Bad and doubtful debts recover / (expense)	3	2,104	(1,618)
Lease expenses	26	(127,295)	(111,088)
Property expenses		(23,703)	(19,602)
IT costs		(24,360)	(28,239)
Charitable donations and sponsorships		(101,442)	(3,007)
Profit / (loss) before income tax		**552,481**	**(36,546)**
Income tax (expense) / benefit	4	(95,631)	20,631
Profit / (loss) for the year		**456,850**	**(15,915)**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year attributable to the owners of the Company		**456,850**	**(15,915)**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company (cents per share):			
- basic (loss)/ earnings per share		67.18	(2.34)

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Financial Position
as at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	5	193,270	365,644
Trade and other receivables	6	146,531	82,954
Financial assets	7	826,469	150,945
Other assets	8	15,560	14,973
Total current assets		**1,181,830**	**614,516**
Non-current assets			
Property, plant and equipment	9	37,306	49,423
Right of use asset	26	496,016	557,978
Intangible assets	10	4,395	17,578
Deferred tax assets	4	33,408	-
Total non-current assets		**571,125**	**624,979**
Total assets		**1,752,955**	**1,239,495**
Liabilities			
Current liabilities			
Trade and other payables	11	53,915	53,361
Current tax liability		129,039	-
Lease liabilities		71,611	55,739
Provisions	12	36,320	73,376
Total current liabilities		**290,885**	**182,476**
Non-current liabilities			
Lease liabilities		461,979	512,695
Provisions	12	52,589	53,672
Total non-current liabilities		**514,568**	**566,367**
Total liabilities		**805,453**	**748,843**
Net assets		**947,502**	**490,652**
Equity			
Issued capital	13	680,000	680,000
Profit reserve	15	32,307	32,307
Retained earnings / (accumulated losses)		235,195	(221,655)
Total equity		**947,502**	**490,652**

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Changes in Equity
for the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Profit reserves $	Total equity $
Balance at 1 July 2021		680,000	(205,740)	32,307	506,567
Profit for the year ended 30 June 2022		-	(15,915)	-	(15,915)
Transfer to reserves		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**(15,915)**	**-**	**(15,915)**
Transactions with owners, in their capacity as owners					
Dividends paid or provided	23	-	-	-	-
Balance at 30 June 2022		680,000	(221,655)	32,307	490,652
Profit for the year ended 30 June 2023		-	456,850	-	456,850
Transfer to reserves		-	-	-	-
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**456,850**	**-**	**456,850**
Transactions with owners, in their capacity as owners					
Dividends paid or provided	23	-	-	-	-
Balance at 30 June 2023		680,000	235,195	32,307	947,502

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Cash Flows
for the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		1,477,179	787,294
Payments to suppliers and employees		(891,068)	(713,333)
Interest paid		(28,670)	(25,587)
Interest received		14,248	343
Income tax (paid) / refunded		-	20,631
Net cash provided by operating activities	14a	**571,689**	**69,348**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,282)	(12,471)
Net redemption / (purchase) of investments		(675,524)	215,929
Net cash flows from / (used in) investing activities		**(677,806)**	**203,458**
Cash flows from financing activities			
Repayment of lease liabilities		(66,257)	(64,425)
Net cash provided by / (used in) financing activities		**(66,257)**	**(64,425)**
Net increase / (decrease) in cash held		**(172,374)**	**208,381**
Cash and cash equivalents at beginning of financial year		365,644	157,263
Cash and cash equivalents at end of financial year	5	**193,270**	**365,644**

Notes to the financial statements

These financial statements and notes represent those of Fairy Meadow Community Financial Services Limited.

Fairy Meadow Community Financial Services Limited ('the Company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 15 September 2023.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. the Company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Fairy Meadow.

The branch operate as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank”, the logo, and systems of operation of Bendigo and Adelaide Bank Limited. the Company manages the Community Bank® branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)
Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch 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 in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- Training for the Branch Managers 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; and
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

(c) Fair value of assets and liabilities

the Company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the Company at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	*Rate*	*Method*
Leasehold improvements	10%	PC
Plant and equipment	10% - 30%	DV
Fixtures and Fittings	10% - 20%	DV

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(g) Employee benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

1. Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Intangible assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(j) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

1. Summary of significant accounting policies (continued)

Specific revenue streams

The Company recognises revenue from the following major source providing Community Bank ® branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Provision of branch services

Revenue from the provision of branch services is recognised over the period in which the services are rendered. The contract for branch services are subject to a formal franchise agreement.

The agreement includes an enforceable right for the Company to receive payment for work performed to date based on the services provided based upon observable data and therefore the criteria for recognition of revenue over time is met.

The Company's payment terms are 30 days from the end of the month and accordingly there is no financing element to the services provided.

At the end of each month, the Company recognises a receivable as this represents the point in time at which the Company's right to consideration becomes unconditional as a Recipient Created Tax invoice (or equivalent) accompanies the services provided, as only the passage of time is required before payment is due.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the Company.

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(i) ***Financial assets***

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets as those to be measured at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

1. Summary of significant accounting policies (continued)

(i) *Financial assets* (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:
- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:
- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

1. Summary of significant accounting policies (continued)

(ii) ***Financial liabilities***

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and finance lease liabilities.

(l) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash -generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash -generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(m) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(n) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year, but not distributed at balance date.

(o) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

1. Summary of significant accounting policies (continued)

(q) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

1. Summary of significant accounting policies (continued)

(r) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

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 intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The Company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the Company's assessment of future cash flows.

Impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers.

Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

2. Revenue and other income

	2023 $	2022 $
Revenue from contracts with customers		
- services commissions	1,400,079	731,103
	1,400,079	731,103
Other income		
- interest received	15,179	1,274
	15,179	1,274
Total revenue	**1,415,258**	**732,377**

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated, the following table shows this breakdown:

Timing of revenue recognition		
- At a point in time	-	-
- Over time	1,400,079	731,103
Revenue from contracts with customers	1,400,079	731,103

3. Expenses

Profit before income tax includes the following specific expenses:

Employee benefits expense		
- wages and salaries	414,480	421,291
- superannuation costs	41,430	40,886
	455,910	462,177
Depreciation and amortisation		
Depreciation		
- plant and equipment	4,793	15,534
- leasehold improvements	9,584	9,825
	14,377	25,359
Amortisation		
- franchise fees	13,184	13,184
Total depreciation and amortisation	27,561	38,543
Bad and doubtful debts (recovered) / expenses	(2,104)	1,618
Auditor's remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	11,660	11,900

4. Income tax	2023 $	2022 $
a. The components of tax expense / (income) comprise:		
Adjustment for current tax of prior period	-	(20,631)
Current itax expense	129,039	-
Deferred tax expense / (income)	(33,408)	-
	95,631	**(20,631)**
a. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 25% (2022: 25%)	138,120	(9,136)
Add tax effect of:		
- Deferred tax assets not previously recogognised		
- Under / (over)provision of prior years	(33,408)	-
- Changes in temporary differences	234	7,731
Less tax effect of:		
- Non-taxable income	-	-
- Adjustment of tax of prior period	3,548	(20,631)
Losses carried forward, not recognised [note 1 (r)]	(12,863)	1,406
Income tax attributable to the entity	**95,631**	**(20,631)**
b. Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	-	51,451
Potential tax benefit @ 25%	-	12,863

The unused tax losses can be carried forward indefinitely. See notes 1(b) and 1(r) for information about the non-recognition of tax losses and significant judgements made in relation to them.

Deferred tax assets balance comprises:		
Lease liabilities	9,393	
Accruals	1,788	-
Employee provisions	22,227	-
Net deferred tax asset	**33,408**	**-**
Total carried forward tax losses not recognised as deferred tax assets	-	-

5. Cash and cash equivalents		
Cash at bank and on hand	193,271	365,644
	193,271	**365,644**

6. Trade and other receivables	2023 $	2022 $
Current		
Trade receivables	137,668	82,455
Other receivables	8,863	499
	146,531	**82,954**

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the Company's income.

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

			Past due but not impaired			
	Gross amount	Past due and impaired	< 30 days	31-60 days	> 60 days	Not past due
2022	$	$	$	$	$	$
Trade receivables	82,455	-	-	-	-	82,455
Other receivables	499	-	-	-	-	499
Total	**82,954**	-	-	-	-	**82,954**
2023						
Trade receivables	137,668	-	-	-	-	137,668
Other receivables	8,863	-	-	-	-	8,863
Total	**146,531**	-	-	-	-	**146,531**

7. Financial assets

Amortised cost assets		
Term deposits	826,469	150,945
	826,469	150,945

The effective interest rate on short-term bank deposits was between 2% and 4.25% (2022: 0.35%-0.45%); these deposits have a maturity of between 4 and 12 months.

8. Other assets

Prepayments	15,560	14,973
	15,560	**14,973**

9. Property, plant and equipment	2023 $	2022 $
Leasehold improvements		
At cost	114,151	114,151
Less accumulated depreciation	(94,004)	(84,420)
	20,147	29,731
Fixtures and Fittings		
At cost	122,379	122,379
Less accumulated depreciation	(113,310)	(111,824)
	9,069	10,555
Plant and equipment		
At cost	93,843	92,751
Less accumulated depreciation	(85,753)	(83,614)
	8,090	9,137
Total property, plant and equipment	**37,306**	**49,423**

Movements in carrying amounts

	2023 $	2022 $
Leasehold improvements		
Balance at the beginning of the reporting period	29,731	39,556
Depreciation expense	(9,584)	(9,825)
Balance at the end of the reporting period	20,147	29,731
Fixtures and Fittings		
Balance at the beginning of the reporting period	10,555	12,412
Additions	-	12,471
Depreciation expense	(1,486)	(14,328)
Balance at the end of the reporting period	9,069	10,555
Plant and equipment		
Balance at the beginning of the reporting period	9,137	10,343
Additions	2,282	-
Disposals	(22)	-
Depreciation expense	(3,307)	(1,206)
Balance at the end of the reporting period	8,090	9,137
Total property, plant and equipment		
Balance at the beginning of the reporting period	49,423	62,311
Additions	2,282	12,471
Disposals	(22)	-
Depreciation expense	(14,377)	(25,359)
Balance at the end of the reporting period	**37,306**	**49,423**

10. Intangible assets	2023 $	2022 $
Franchise fee		
At cost	65,919	65,919
Less accumulated amortisation	(61,525)	(48,341)
Total intangible assets	**4,394**	**17,578**

Movements in carrying amounts

Franchise fee		
Balance at the beginning of the reporting period	17,578	30,762
Amortisation expense	(13,184)	(13,184)
Balance at the end of the reporting period	**4,394**	**17,578**

11. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	10,550	8,437
Other creditors and accruals	43,365	44,924
	53,915	53,361
Non-current		
Unsecured liabilities		
Other creditors	-	-
Total trade and other payables	**53,915**	**53,361**

The average credit period on trade and other payables is one month.

12. Provisions

Current		
Annual leave	20,326	40,040
Long service leave	15,994	33,336
	36,320	73,376
Non-current		
Long service leave	1,573	5,179
Make good provision	51,016	48,493
	52,589	53,672
Total provisions	**88,909**	**127,048**

13. Share capital	2023 $	2022 $
680,000 Ordinary shares fully paid	680,000	680,000
	680,000	**680,000**

Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	680,000	680,000
Shares issued during the year	-	-
At the end of the reporting period	**680,000**	**680,000**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors monitors the return on capital and the level of dividends 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 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

14. Cash flow information

(a) Reconciliation of cash flow from operations with profit after income tax

	2023 $	2022 $
Profit / (loss) after income tax	456,850	(15,915)
Non-cash flows in profit		
- Depreciation	104,562	106,946
- Amortisation	13,184	15,599
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(63,576)	(17,850)
- (increase) / decrease in prepayments and other assets	5,168	(2,273)
- (Increase) / decrease in deferred tax asset	(33,408)	-
- Increase / (decrease) in trade and other payables	533	(28,916)
- Increase / (decrease) in current tax liability	129,039	-
- Increase / (decrease) in provisions	(40,663)	11,757
Net cash flows from operating activities	**571,689**	**69,348**

15. Reserves

This reserve records the net undistributed profit from the year ending 30 June 2019 which is available for distribution at a later time.

16. Earnings per share

	2023 $	2022 $
Basic (loss) / earnings per share (cents)	67.18	(2.34)
Earnings used in calculating basic and diluted earnings per share	456,850	(15,915)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	680,000	680,000

17. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	2023 $	2022 $
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total key management personnel compensation	-	-

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the Company. No Director fees have been paid as the positions are held on a voluntary basis.

The Fairy Meadow Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be trivial.

17. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

No Directors or key management personnel held any ordinary shares in the Company during the current or comparative financial year.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

18. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

19. Contingent liabilities and contingent assets

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

20. Operating segments

The Company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being the Illawarra, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2022: 100%).

21. Commitments

Refer to note 26 for information on leases.

22. Company details

The registered office and principal place of business is 37-39 Princes Highway, Fairy Meadow NSW 2519.

23. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

No dividends were paid or proposed by the Company during the period. (2022: nil per share).

Dividends not recognised at the end of the reporting period	**2023 $**	**2022 $**
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 10 cents per fully paid ordinary share (2022: nil per share). The aggregate amount of the proposed dividend expected to be paid on 18 December 2023, but not recognised as a liability at year end, is	68,000	-

23. Dividends paid or provided for on ordinary shares (continued)

Franking account

The final dividends recommended after 30 June 2023 will be fully franked out of franking credits arising from the payment of income tax in the year ending 30 June 2024.

	2023 $	2022 $
The franking credits available for subsequent financial years at a tax rate of 25%.	129,039	26,047

The above available balance is based in the dividend franking account balance at year-end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;
(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end.

24. Fair value measurements

The carrying amounts of assets and liabilities recorded in the financial statements represent their fair values, as determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

25. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Governance Committee which reports regularly to the Board.

Specific financial risk exposure and management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the Company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

the Company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 *Financial Instruments: Recognition and Measuremen* t as detailed in the accounting policies are as follows:

	Note	2023 $	2022 $
Financial assets			
Cash and cash equivalents	5	193,270	365,644
Trade and other receivables	6	146,531	82,954
Financial assets	7	826,469	150,945
Total financial assets		1,166,270	599,543
Financial liabilities			
Trade and other payables	11	53,915	53,361
Lease Liabilities		533,590	568,434
Total financial liabilities		587,505	621,795

25. Financial risk management (continued)

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The Company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. the Company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the Company are past due (2022: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. the Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

25. Financial risk management (continued)

(b) Liquidity risk (continued)

Financial liability and financial asset maturity analysis:

30 June 2023	**Weighted average interest rate %**	**Total $**	**Within 1 year $**	**1 to 5 years $**	**Over 5 years $**
Financial assets					
Cash and cash equivalents	1%	193,270	193,270	-	-
Trade and other receivables	0%	146,531	146,531	-	-
Financial assets	3%	826,469	826,469	-	-
Total anticipated inflows		1,166,270	1,166,270	-	-
Financial liabilities					
Trade and other payables	0%	53,915	53,915	-	-
Lease liabilities	0%	533,590	101,319	405,276	26,995
Total expected outflows		587,505	155,234	405,276	26,995
Net inflow / (outflow) on financial instruments		578,765	1,011,036	(405,276)	(26,995)

30 June 2022	**Weighted average interest rate %**	**Total $**	**Within 1 year $**	**1 to 5 years $**	**Over 5 years $**
Financial assets					
Cash and cash equivalents	1%	365,644	365,644	-	-
Trade and other receivables	0%	82,954	82,954	-	-
Financial assets	3%	150,945	150,945	-	-
Total anticipated inflows		599,543	599,543	-	-
Financial liabilities					
Trade and other payables	0%	53,361	53,361	-	-
Lease liabilities	0%	568,434	93,988	375,952	98,494
Total expected outflows		621,795	147,349	375,952	98,494
Net inflow / (outflow) on financial instruments		(22,252)	452,194	(375,952)	(98,494)

25. Financial risk management (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Company to interest rate risk are fixed interest securities, cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 30 June 2023	Profit $	Equity $
+/- 1% in interest rates (interest income)	10,197	10,197
	10,197	10,197

Year ended 30 June 2022	Profit $	Equity $
+/- 1% in interest rates (interest income)	5,166	5,166
	5,166	5,166

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The Company has no exposure to fluctuations in foreign currency.

(d) Price risk

The Company is not exposed to any material price risk.

26. Leases

Company as a lessee

The Company has leases over its office premises. The Company has chosen not to apply AASB 16 to leases of intangible assets. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases:

The property premises lease is for 60 months, with CPI increases each year, with options to extend for 5 years. The agreement includes a make-good clause to restore the leased premise to its former condition upon lease termination.

	2023 $	2022 $
Year end 30 June 2023		
Balance at beginning of year	557,978	611,900
Adjustment to right-of-use assets	65,797	27,666
Additions to right-of-use assets		-
Depreciation charge	(90,185)	(81,588)
Balance at end of year	533,590	557,978

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2023 $	2022 $
Depreciation expense	(90,185)	(81,588)
Adjustment to lease liability	(5,891)	(3,913)
Interest expense	(31,219)	(25,587)
	(127,295)	(111,088)

Statement of Cash Flows		
Total cash outflow for leases	98,264	91,922

The financial report was authorised for issue on 15 September 2023 by the Board of Directors.

Directors' declaration

In accordance with a resolution of the Directors of Fairy Meadow Community Financial Services Limited, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 35 are in accordance with the *Corporations Act 2001* and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the Company's financial position as at 30 June 2023 and of the performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

Anthony Rodwell-Ball
Director

Bobbi Brodie
Director

Signed on 15 September 2023

DALEY AUDIT

Independent Audit Report
to the members of Fairy Meadow Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fairy Meadow 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, the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Directors' report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and 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 to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor’s report.

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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 4 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Fairy Meadow Community Financial Services Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

Daley Audit

Daley Audit

Stephen Milgate
Partner

Wollongong
15 September 2023

Liability limited by a scheme approved under Professional Standards Legislation

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