Annual Report 2023

Gympie & District Financial Services Limited

Community Bank
Gympie & District

ABN 79 113 293 173

Contents

Chairperson's report

For year ending 30 June 2023

It is my pleasure to present this report on matters related to the Gympie & District Financial Services Limited (G&DFSL) and its performance for the year ended 30 June 2023 – to our shareholders, my fellow Board members and guests.

Our Branch has continued to maintain a key role in the community, working with Bendigo and Adelaide Bank to ensure a continuation of services to our customers. We have this year celebrated our 18th Birthday in June; with our staff providing sweet treats for our customers.

Our Branch Manager Donna Martin has been extremely busy with onboarding new staff. The Board is very grateful for the additional hours our staff has done to ensure we are still giving customer service to our clients while new staff has been being trained and upskilled.

We are now fully staffed and thank our Branch Manager Donna Martin for her diligence in this matter.

The Board approved and distributed payment of a dividend of 5 cents per share in February 2023. I would like to acknowledge the work done by Rens Poels as Executive Administration Officer, who takes on this task and performs it admirably. I would also like to commend Rens on his diligence with the Share Register, any shares that come up for sale are sold very quickly to new or existing shareholders.

Financial Year	Community Contributions	Dividends to Shareholders	
		Cents per share	Total Dividends
2005/06	1,060		
2006/07	1,500		
2007/08	2,566		
2008/09	5,444		
2009/10	7,150		
2010/11	9,700	2.5	20,000
2011/12	33,868	5.0	40,000
2012/13	44,050	7.5	60,000
2013/14	38,985	6.0	48,000
2014015	66,760	6.0	48,000
2015/16	50,630	5.0	40,000
2016/17	52,035	5.0	40,000
2017/18	49,326	5.0	40,000
2018/19	69,471	5.0	40,000
2019/20	85,081	5.0	40,000
2020/21	78,057	5.0	40,000
2020/22	63,390	5.0	40,000
2022/23	72,885	5.0	40,000
Totals	**731,958**	**67.0**	**536,000**

There has been some Board movement. Director Debra Cook resigned in March which brought us back to seven directors on the Board. We thank Debra for her service.

Sponsorship applications rolled in during March, there was a good response and our second round in September is underway. Our community support has now reached $731,957 as at the end of June 2023 over the past 18 years.

Our Business Planning Program was undertaken this year with the Opportunity snapshot being completed by January by all Directors and then followed up with the Action Planning Workshop completed by Directors in late March; this was led by Anthony Schwarz, Business Performance Manager, Community Banking. Moving forward the actions from this will support our next Strategic Planning session.

I take this opportunity to thank each Board Director for their contribution, attendance and support throughout the year. Your volunteer hours are truly appreciated.

On behalf of the Board and staff I would like to thank all our shareholders for your support, for without you we would not be here. We look forward to your continuing support to ensure that we can continue to grow and return profits to you and the community.

Rae A Gâte

Rae Gâté
Chairperson

Manager’s report

For year ending 30 June 2023

I am pleased to provide an overview of the business for year ended 30 June 2023.

More change was experienced throughout the year. We farewelled long term staff member Jo Whitley, along with Codee, Gracie-Mae, Danielle, and Kylie. Welcoming Lucy, Kayla, Leah and Michelle to the team. Given the change in staffing, assistance was sought from Branches within the Region to keep the doors open. Forward recruitment and offsite training ensured the new recruits were trained with enough skills to ‘hit the ground running’ to minimise disruption to the business.

There was a temporary adjustment to business hours whilst we managed the recruitment and training. This change at times caused inconvenience to our customers, however, was critical for the wellbeing of existing and new staff during the transition.

Lending and deposit growth results were disappointing. This impact was felt within the wider Sunshine Coast and South Burnett Region. With the property market continuing to rise, many customers took advantage of selling and purchasing, reducing their overall debt position. As a team we maintained focus on retaining deposit funds, opting for term deposits rather than at call funds. Rising interest rates supported results at the back end of the financial year.

Customer growth was a positive outcome with most customers shifting from the major four banks. A common trend of seeking customer service and face to face relationship was the driver.

Bendigo and Adelaide Bank is focused on building and maintaining relationship through holistic conversations and regular touchpoints with our customers. This activity should see growth in all areas of the business. A lot of time is invested in training staff on the process of quality conversations, identifying opportunities and follow up activity to capture all our customers business.

As the teams’ knowledge and skills grow, so will the business. I am confident of a successful year ahead.

I am grateful for my staff, peers, board, shareholders and most importantly our wonderful customers for their continued support and encouragement.

Donna Martin
Branch Manager

Directors' report

For the year ended 30 June 2023

The Directors present their report, together with the financial statements, on Gympie & District Financial Services Limited for the financial year ended 30 June 2023.

Board of Directors

The following persons were Directors of Gympie & District Financial Services Limited during the whole of the financial year up to the date of this report, unless otherwise stated:

Rae Gâté	
Title:	Director since 2007. Chairperson appointment 6 December 2017.
Qualifications:	Diploma of Local Government Administration, Certificate IV in Training and Assessment, Certificate IV in Volunteer Program Coordination, Associate Diploma of Business
Experience & Expertise:	Semi retired. Vice President – Community Action Inc, President – Gympie & District Women's Health Centre.

Rens Poels	
Title:	Director and Treasurer Since 2005 to 28 February 2022. Company Secretary 5 December 2018 to 28 February 2022. Executive Administration Officer from 28 February 2022 to 14 December 2022. Treasurer from 14 December 2022.
Qualifications:	Retired Computer Engineer
Experience & Expertise:	Qualified Electrical Mechanic, Dip. Electrical Engineering, Volunteered with SES and RFS. Responsibilities: Marketing, Governance/Audit, Share Listing (LVM) Administrator, Scholarship Administrator

Sean Connelly	
Title:	Director since 2014. Deputy Chair. Appointed Secretary 28 February 2022
Qualifications:	Disability Advocate, Diploma of Business, Diploma of Leadership and Management, Diploma of Design and Developments, Diploma of Vocation Education, Certificate IV in Front Line Management, Certificate IV in Mental Health, Certificate IV in Community Service Work and Certificate IV in Training Assessment.
Experience & Expertise:	Numerous Management roles across training, employment, marketing and disability sectors. Committee member of Red Shield Appeal Gympie. Responsibilities Marketing and Social Media management, Logistics and IT.

Paul Blackburn	
Title:	Director, appointed 2 May 2018. Treasurer from 28 February to 14 December 2022. Deputy Chair from 14 December 2022.
Qualifications:	Diploma's in Business, Policing, Occupational Health & Safety, Risk Management & Security
Experience & Expertise:	Numerous Management roles in Government & Private Sector. Past and present member of a number of Community Group Committees.

Debra Cook	
Title:	Director, appointed 3 April 2019, resigned 1 March 2023.
Qualifications:	Tertiary Qualification Industrial Chemistry at QUT; 10+ years in Science Education; 8 years QLD Gov.
Experience & Expertise:	10 years small business owner/operator in retail to science & medical education sectors. Founding Director of the Gympie Bone Museum; Lifelong Volunteer

Murray Benton	
Title:	Director, Appointed on 1 April 2022
Qualifications:	Cert IV Property, Excellence in Supervisor Practice, Trauma Informed Practice, Daring Inclusive Feminist Leadership.
Experience & Expertise:	Youth Service Manager, Gympie Youth Network Chairman, Emergency Relief Co Ordinator, Sexual & Reproductive Health, Public Relations, Real Estate Sales, Social Media & Marketing Management, Nation Campaign Advocate.

Graham Engeman	
Title:	Director, Appointed on 12 April 2022
Qualifications:	Past School Teacher Qld & UK, Past Police Officer Qld, Livestock Auctioneer Qld Current Partner in Yabba-Do Brangus (Cattle Breeding), Current Partner in Real Estate Business Gympie, Justice of Peace (Qual) Auctioneer.
Experience & Expertise:	Small business operator, current and past member/volunteer of Gympie Community Groups including JobMatch, Gympie Show, Rotary Rural Fire Brigade, Mary Valley Show, Kandanga Tennis etc, Parent of 4 adult children.

Tim Wess	
Title:	Director since 2022
Qualifications:	B.Sc. University of Newcastle Upon Tyne. Ph.D. Edinburgh University. Graduate
Experience & Expertise:	Deputy Vice Chancellor Academic University of the Sunshine Coast.

Directors were in office for this entire year unless otherwise stated.

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

Attendances by each Director during the year were as follows:

Director	Board Meetings		Audit Committee	
	A	B	A	B
Rae Gâté	11	11	4	4
Rens Poels	11	11	4	4
Sean Connelly	11	11	4	4
Paul Blackburn	11	10	4	4
Debra Cook	8	6	-	-
Murray Benton	11	9	-	-
Graham Engeman	11	7	-	-
Tim Wess	11	9	-	-

A - The number of meetings eligible to attend.
B - The number of meetings attended.
- - Not a member of that committee.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Sean Connelly	
Qualifications:	Disability Advocate, Diploma of Business, Diploma of Leadership and Management, Diploma of Design and Developments, Diploma of Vocation Education, Certificate IV in Front Line Management, Certificate IV in Mental Health, Certificate IV in Community Service Work and Certificate IV in Training Assessment.
Experience & Expertise:	Numerous Management roles across training, employment, marketing and disability sectors. Committee member of Red Shield Appeal Gympie. Responsibilities Marketing and Social Media management, Logistics and IT.

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

Operating Results

The profit of the Company for the financial year after provision for income tax was:

	30 June 2023	30 June 2022	Movement
Profit After Tax	284,613	(15,793)	1902%

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.

Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2022	Changes During the Year	Balance at 30 June 2023
Rae Gâté	500	-	500
Rens Poels	20,300	1,000	21,300
Tim Wess	-	3,000	3,000

Dividends

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

	Cents per Share	Total Amount
Fully unfranked dividend	5	$40,001
Total Amount	**5**	**$40,001**

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

In the opinion of the directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events Since the end of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact 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.

Indemnification & Insurance of Directors & Officers

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

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

Proceedings on Behalf of the Company

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

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

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 (RSD Audit) for audit and non-audit services provided during the year are set out in Note 25 to the

The Board of Directors 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 are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants* , as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Gympie, QLD

Rens Poels
Director

Dated this 6th day of September, 2023

Auditor's independence declaration

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Gympie and District Financial Services Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Gympie and District Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

Mahesh Silva
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 7 September 2023

Financial statements

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue			
Revenue from contracts with customers	7	1,005,595	604,469
Other revenue	8	60,119	54,712
		1,065,714	**659,181**
Expenses			
Employee benefits expense	9	(327,386)	(349,938)
Depreciation and amortisation	9	(75,368)	(34,115)
Finance costs	9	(48,811)	(21,100)
Freight		(7,677)	(9,631)
Administration and general costs		(24,671)	(17,238)
Loss on disposal of plant and equipment		-	(41,622)
Repairs and maintenance buildings		(2,180)	(34,056)
IT expenses		(27,643)	(34,440)
Bad and doubtful expense		(359)	(295)
Occupancy expenses		(19,522)	(16,517)
Advertising and marketing		(5,554)	(5,061)
Staff training, uniforms and amenities		(11,167)	(12,336)
Security monitoring		(6,504)	(1,670)
ATM expenses		(6,450)	(16,036)
Insurance		(13,289)	(11,512)
Other expenses		(8,197)	(11,696)
		(584,778)	**(617,263)**
Operating profit before charitable donations and sponsorship		**480,936**	**41,918**
Charitable donations and sponsorship	9	(65,850)	(63,009)
Profit/(loss) before income tax		**415,086**	**(21,091)**
Income tax expense	10	(130,473)	5,298
Profit/(loss) for the year after income tax		**284,613**	**(15,793)**
Total comprehensive income attributable to ordinary shareholders of the company		**284,613**	**(15,793)**

	Note	¢	¢
Earnings per share			
- basic and diluted earnings per share	27	35.58	(1.97)

The accompanying notes form part of these financial statements

Statement of Financial Position
For the year ended 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	11	92,688	37,189
Trade and other receivables	12	64,031	38,372
Other assets	13	2,633	2,614
Total current assets		**159,352**	**78,175**
Non-current assets			
Property, plant and equipment	14	1,081,218	1,139,737
Intangible assets	15	12,967	25,933
Deferred tax assets	16	7,804	21,719
Total non-current assets		**1,101,989**	**1,187,389**
Total assets		**1,261,341**	**1,265,564**
Liabilities			
Current liabilities			
Trade and other payables	17	29,640	400,802
Current tax liability	16	116,558	3,295
Borrowings	18	71,112	40,994
Employee benefits	19	17,260	19,881
Total current liabilities		**234,570**	**464,972**
Non-current liabilities			
Trade and other payables	17	12,966	25,932
Borrowings	18	493,661	500,660
Employee benefits	19	2,178	647
Total non-current liabilities		**508,805**	**527,239**
Total liabilities		**743,375**	**992,211**
Net assets		**517,966**	**273,353**
Equity			
Issued capital	20	800,010	800,010
Accumulated losses	21	(282,044)	(526,657)
Total equity		**517,966**	**273,353**

The accompanying notes form part of these financial statements

Statement of Changes in Equity
For the year ended 30 June 2023

	Note	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2021		**800,010**	**(470,863)**	**329,147**
Comprehensive income for the year				
Profit for the year		-	(15,793)	(15,793)
Transactions with owners in their capacity as owners				
Dividends paid or provided	26		(40,001)	(40,001)
Balance at 30 June 2022		**800,010**	**(526,657)**	**273,353**
Balance at 1 July 2022		**800,010**	**(526,657)**	**273,353**
Comprehensive income for the year				
Profit for the year		-	284,613	284,613
Other comprehensive income for the year		-	-	-
Transactions with owners in their capacity as owners				
Dividends paid or provided	26	-	(40,000)	(40,000)
Balance at 30 June 2023		**800,010**	**(282,044)**	**517,966**

The accompanying notes form part of these financial statements

Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		1,143,630	719,812
Payments to suppliers and employees		(889,032)	(326,710)
Interest paid		(48,811)	(21,100)
Income tax paid		(116,558)	-
Net cash flows provided by operating activities	22b	**89,229**	**372,002**
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,882)	(339,774)
Purchase of intangible assets		(12,967)	(12,966)
Net cash flows used in investing activities		**(16,849)**	**(352,740)**
Cash flows from financing activities			
Proceeds from borrowings		450,000	-
Repayment of borrowings		(402,104)	(18,517)
Dividends paid		(40,000)	(40,001)
Net cash flows from/(used in) financing activities		**7,896**	**(58,518)**
Net increase/(decrease) in cash held		**80,276**	**(39,256)**
Cash and cash equivalents at beginning of financial year		12,412	51,668
Cash and cash equivalents at end of financial year	22a	**92,688**	**12,412**

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2023

Note 1. Corporate Information

These financial statements and notes represent those of Gympie & District Financial Services Limited (the Company) as an individual entity. Gympie & District Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 6th September 2023.

Further information on the nature of the operations and principal activity of the Company is provided in the directors' report. Information on the company's related party relationships is provided in Note 24.

Note 2. 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 (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). 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.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

Note 3. Summary of Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Banks branch:

Gympie & District Community Bank

The Company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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

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

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

Note 3. Summary of Significant Accounting Policies *(continued)*

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

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- 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.

(b) Revenue From Contracts With Customers

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	Includes	Performance Obligation	Timing of Recognition
Franchise agreement profit share	Margin, commission and fee income	When the Company satisfies its obligation to arrange the servies to be provided to the customer by the supplier (Bendigo & Adelaide Bank)	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days of month end

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the Company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the Company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Note 3. Summary of Significant Accounting Policies *(continued)*

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans, less interest paid to customers on deposits
plus
Deposit returns (i.e. interest return applied by BABL on deposits)
minus
Any costs of funds (i.e. interest applied by BABL to fund a loan)

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

Commission

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

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

Fee Income

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

Core Banking Products

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

Ability to Change Financial Return

Under the franchise agreement, Bendigo and Adelaide Bank may change the form and amount of financial return that the Company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) Other Revenue

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

Note 3. Summary of Significant Accounting Policies *(continued)*

Revenue	Revenue Recognition Policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

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

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

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

(d) Employee Benefits

Short-term Employee Benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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.

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 estimate future cash outflows.

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

(e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

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

Note 3. Summary of Significant Accounting Policies *(continued)*

Deferred Tax

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

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

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

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

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

Goods & Services Tax

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.
- when receivables and payables are stated with the amount of GST included.

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.

(f) Cash & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Note 3. Summary of Significant Accounting Policies *(continued)*

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Buildings	Straight line	40 years
Plant & equipment	Diminishing value	5 - 25years

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

(h) Intangible Assets

Intangible assets of the Company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets 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
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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

(i) 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, leases.

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Note 3. Summary of Significant Accounting Policies *(continued)*

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification & Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Note 3. Summary of Significant Accounting Policies *(continued)*

Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the Company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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.

(j) Impairment

Non-derivative Financial Instruments

The Company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECL's 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.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of ECL in Financial Statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The Company's trade receivables are limited to the monthly profit share distribution from Bendigo and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide 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 and Adelaide Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2023.

Note 3. Summary of Significant Accounting Policies *(continued)*

Non-financial Assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The Company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

(k) Issued Capital

Ordinary Shares

Ordinary shares are recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Leases

As Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the costs of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the Company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

Note 3. Summary of Significant Accounting Policies *(continued)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 zero.

Short-term Leases & Leases of Low-value Assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

As Lessor

The Company currently rents part of the building to Australian Red Cross.

(m) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 July 2023 that are expected to have a significant impact on the Company's financial statements.

(n) Comparative Figures

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

Note 4. Significant Accounting Judgements, Estimates & Assumptions

During preparation of the financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 4. Significant Accounting Judgements, Estimates & Assumptions (continued)

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the Company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
(b) Lease term	Whether the Company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the Company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the Company and underlying asset including: • the amount • the lease term • economic environment • any other relevant factors

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 16 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 22 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases though promotion and inflation

Note 5. Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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 utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

(a) 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 has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

Note 5. Financial Risk Management *(continued)*

(b) 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.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2023		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	-	-	-	-

(c) Market Risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the Company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price Risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

Cash Flow & Fair Values Interest Rate Risk

Interest-bearing assets are held with Bendigo and Adelaide Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk.

The Company held cash and cash equivalents of $92,688 at 30 June 2023 (2022: $37,189). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 6. 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 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:

(a) 20% of the profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and

(b) 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%.

Note 6. Capital Management *(continued)*

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 year ended 30 June 2023 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 7. Revenue From Contracts With Customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2023 $	2022 $
Revenue		
- Revenue from contracts with customers	1,005,595	604,469
Disaggregation of Revenue From Contracts With Customers		
- Margin income	885,591	468,480
- Fee income	47,159	50,728
- Commission income	62,428	68,594
- Market development fund	10,417	16,667
	1,005,595	**604,469**

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Note 8. Other Revenue

The Company generates other sources of revenue as outlined below.

	2023 $	2022 $
Other Revenue		
- Other Revenue	60,119	54,712
	60,119	**54,712**

Note 9. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2023 $	2022 $
Employee Benefits Expense		
- Wages & salaries	292,202	297,618
- Superannuation costs	31,785	51,684
- Other expenses related to employees	3,399	636
	327,386	**349,938**

Note 9. Expenses *(continued)*

(b) Depreciation & Amortisation Expense

	2023 $	2022 $
Depreciation of Non-current Assets		
- buildings	43,395	2,978
- leasehold improvements	-	2,270
- plant and equipment	19,007	8,742
	62,402	**13,990**
Depreciation of Right-of-use Assets		
- leased buildings	-	7,159
	-	**7,159**
Amortisation of Intangible Assets		
- franchise fees	12,966	12,966
- establishment costs		
	12,966	**12,966**
Total depreciation & amortisation expense	**75,368**	**34,115**

(c) Finance Costs

	Note	2023 $	2022 $
Finance Costs			
- Interest paid		48,811	21,100
		48,811	**21,100**

(d) Community Investments & Sponsorship

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 and grants).

	Note	2023 $	2022 $
Community Investments & Sponsorship			
- Direct sponsorship and grant payments		65,850	57,259
- Contribution to the Community Enterprise Foundation™	9(e)	-	5,750
		65,850	**63,009**

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

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

Note 9. Expenses *(continued)*

(e) Community Enterprise Foundation™ (CEF) Contributions

During the financial year the Company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of community investments and sponsorship expenditure included in profit or loss.

	Note	2023 $	2022 $
Disaggregation of CEF Funds			
Opening balance		163	196
Contributions paid	9(d)	-	5,750
Grants paid out		-	(5,000)
Interest received		4	1
GST		-	(523)
Management fees incurred		-	(261)
Balance available for distribution		**167**	**163**

Note 10. Income Tax Expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The Components of Tax Expense

	2023 $	2022 $
Current tax expense	116,558	(5,273)
Deferred tax expense	(12,787)	-
Recoupment of prior year tax losses	-	-
Under / (over) provision of prior years	26,702	(25)
	130,473	**(5,298)**

(b) *Prima Facie* Tax Payable

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2023 $	2022 $
Prima facie tax on profit before income tax at 25% (2022: 25%)	103,771	(5,273)
Add Tax Effect Of:		
- Under / (over) provision of prior years	26,702	(25)
Income tax attributable to the entity	**130,473**	**(5,298)**
The applicable weighted average effective tax rate is:	31.43%	25.12%

Note 11. Cash & Cash Equivalents

	2023 $	2022 $
Cash at bank and on hand	92,688	37,189
	92,688	**37,189**

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. Any bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Note 12. Trade & Other Receivables

	2023 $	2022 $
Current		
Trade receivables	64,031	38,372
	64,031	**38,372**

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Note 13. Financial Assets

	2023 $	2022 $
Other - Borrowing Costs	2,633	2,614
	2,633	**2,614**

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Note 14. Property, Plant & Equipment

(a) Carrying Amounts

	2023 $			2022 $		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Buildings	1,094,621	(46,373)	1,048,248	1,085,917	(5,248)	1,091,166
Leasehold improvements	-	-	-	42,459	(42,459)	-
Plant & equipment	64,073	(31,103)	32,970	58,747	(10,175)	48,571
Total	**1,158,694**	**(77,476)**	**1,081,218**	**1,187,123**	**(57,882)**	**1,139,737**

Note 14. Property, Plant & Equipment (continued)

(b) Movements in Carrying Amounts

2023	Buildings $	Leasehold Imp. $	Plant & Equipment $
Opening carrying value	1,091,165	-	48,571
Additions	478	-	3,405
Disposals	-	-	-
Depreciation expense	(43,395)	-	(19,006)
Closing carrying value	**1,048,248**	**-**	**32,970**

2022	Buildings $	Leasehold Imp. $	Plant & Equipment $
Opening carrying value	806,385	42,459	6,732
Additions	287,759	-	52,015
Disposals	-	(40,189)	(1,434)
Depreciation expense	(2,978)	(2,270)	(8,742)
Closing carrying value	**1,091,165**	**-**	**48,571**

Note 15. Intangible Assets

(a) Carrying Amounts

	2023			2022		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	64,831	(51,864)	12,967	64,831	(38,898)	25,933
	64,831	**(51,864)**	**12,967**	**64,831**	**(38,898)**	**25,933**

(b) Movements in Carrying Amounts

2023	Franchise Fees $
Opening carrying value	25,933
Additions	-
Disposals	-
Amortisation expense	(12,966)
Closing carrying value	**12,967**

2022	Franchise Fees $
Opening carrying value	38,899
Additions	(12,966)
Closing carrying value	**25,933**

Note 16. Tax Assets & Liabilities

(a) Current Tax

	2023 $	2022 $
Income tax payable	116,558	3,295

(b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2023:

	30 June 2022 $	Recognised in P & L $	30 June 2023 $
Deferred Tax Assets			
- Expense accruals	4,192	75	4,267
- Unused tax losses	26,722	(26,722)	-
- Employee provisions	5,132	(273)	4,859
Total deferred tax assets	**36,046**	**(26,920)**	**9,126**
Deferred Tax Liabilties			
- Right-of-use assets		-	-
- Property, plant & equipment	(14,327)	13,005	(1,322)
Total deferred tax liabilities	**(14,327)**	**13,005**	**(1,322)**
Net deferred tax assets	**21,719**	**(13,915)**	**7,804**

Movement in the company's deferred tax balances for the year ended 30 June 2022:

	30 June 2021 $	Recognised in P & L $	30 June 2022 $
Deferred Tax Assets			
- Expense accruals	4,192	-	4,192
- Unused tax losses	-	26,722	26,722
- Employee provisions	11,988	(6,856)	5,132
Total deferred tax assets	**16,180**	**19,866**	**36,046**
Deferred Tax Liabilties			
- Right-of-use assets	241	(241)	-
- Property, plant & equipment	-	(14,327)	(14,327)
Total deferred tax liabilities	**241**	**(14,568)**	**(14,327)**
Net deferred tax assets	**16,421**	**5,298**	**21,719**

Note 17. Trade & Other Payables

	2023 $	2022 $
Current		
Trade creditors	1,221	408,826
Franchise fee payable	12,966	12,966
Other creditors and accruals	15,453	(20,990)
	29,640	**400,802**
Non-Current		
Other creditors and accruals	12,966	25,932
	12,966	**25,932**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 18. Borrowings

	2023 $	2022 $
Current		
Unsecured Liabilities		
Bank overdraft	-	24,777
Secured Liabilities		
Bank loan	71,112	16,217
	71,112	**40,994**
Non-Current		
Unsecured liabilities		
Bank overdraft	-	500,660
Secured Liabilities		
Bank loan	493,661	-
	493,661	**500,660**
Total borrowings	**564,773**	**541,654**

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Company has a mortgage loan which is subject to normal terms and conditions. The current interest rate is 7.89%. This loan has been created to fund the purchase of the property at 44 Mary Street Gympie and is secured by the property.

Note 19. Employee Benefits

	2023 $	2022 $
Current		
Provision for annual leave	17,259	12,825
Provision for long service leave	-	7,056
	17,259	**19,881**
Non-Current		
Provision for long service leave	2,178	647
	2,178	**647**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee Attrition Rates

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.

Note 20. Issued Capital

(a) Issued Capital

	2023		2022	
	Number	$	Number	$
Ordinary shares - fully paid	800,010	800,010	800,010	800,010
	800,010	800,010	800,010	800,010

Ordinary shares are classified as equity.

(b) Movements in share capital

	2023 $	2022 $
Fully paid ordinary shares:		
At the beginning of the reporting period	800,010	800,010
At the end of the reporting period	**800,010**	**800,010**

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.

Note 21. Retained Earnings

	Note	2023 $	2022 $
Balance at the beginning of the reporting period		(526,657)	(470,863)
Profit/(loss) for the year after income tax		284,613	(15,793)
Dividends paid	26	(40,000)	(40,001)
Balance at the end of the reporting period		**(282,044)**	**(526,657)**

Note 22. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to the Statement of Cash Flows as follows:

	Note	2023 $	2022 $
Cash and cash equivalents	11	92,688	37,189
Less bank overdraft		-	(24,777)
As per the Statement of Cash Flows		**92,688**	**12,412**

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

	2023 $	2022 $
Profit/(loss) for the year after income tax	284,613	(15,793)
Non-cash flows in profit		
- Depreciation	62,401	13,023
- Amortisation	12,966	12,966
- Net loss on disposal of property, plant & equipment	-	41,622
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(25,659)	(5,562)
- (Increase) / decrease in prepayments and other assets	(19)	734
- (Increase) / decrease in deferred tax asset	13,915	(5,298)
- Increase / (decrease) in trade and other payables	(399,346)	411,073
- Increase / (decrease) in current tax liability	28,185	(35,850)
- Increase / (decrease) in provisions	112,173	(44,914)
Net cash flows from operating activities	**89,229**	**372,002**

Note 23. Financial Instruments

The following shows the carrying amounts for all financial instruments at amortised cost. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2023 $	2022 $
Financial Assets			
Trade and other receivables	12	64,031	38,372
Cash and cash equivalents	11	92,688	37,189
Other assets	13	2,633	2,614
		159,352	**78,175**
Financial Liabilities			
Trade and other payables	17	42,606	426,734
Borrowings	18	564,773	541,654
		607,379	**968,388**

Note 24. Related Parties

(a) Key Management Personnel

Key management personnel includes any person 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. The only key management personnel identified for the Company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key Management Personnel Compensation

No Director of the Company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

(c) 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.

(d) Transactions With Key Management Personnel & 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.

(e) Key Management Personnel Shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(f) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

Note 25. Auditor's Remuneration

The appointed auditor of Gympie & District Financial Services Limited for the year ended 30 June 2023 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2023 $	2022 $
Audit & Review Services	-	-
Audit and review of financial statements (RSD Audit)	5,750	5,450
Total auditor's remuneration	**5,750**	**5,450**

Note 26. Dividends

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2023		2022	
	Number	$	Number	$
Fully franked dividend	800,010.00	40,000	800,010.00	40,001
Dividends provided for and paid during the year	**800,010.00**	**40,000**	**800,010.00**	**40,001**

The dividend are unfranked.

Note 27. Earnings Per Share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2023 $	2022 $
Profit attributable to ordinary shareholders	284,613	(15,793)
	Number	Number
Weighted average number of ordinary shares	800,010	800,010
	¢	¢
Basic and diluted earnings per share	35.58	(1.97)

Note 28. Events After the Reporting Period

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the Company's state of affairs.

Note 29. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 22. Details about any capital commitments are detailed in Note 16(d).

The Company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

Note 30. Company Details

The registered office of the Company is:

Gympie & District Financial Services Limited	44 Mary Street, Gympie

The principal place of business are:

Gympie	44 Mary Street, Gympie

Directors' declaration

For the year ended 30 June 2023

In accordance with a resolution of the directors of Gympie & District Financial Services Limited, we state that:

In the opinion of the directors:

(a) The financial statements and notes of the Company are 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 performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) 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 declaration is made in accordance with a resolution of the board of directors.

Rens Poels
Director

Dated this 6th day of September, 2023

Independent audit report

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GYMPIE & DISTRICT FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion
We have audited the financial report of **Gympie & District 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 the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Gympie & District 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 and its cash flows for the year then ended; and

(ii) complying with Australian Accounting Standards.

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 Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics* for Professional Accountants (including Independence Standards) 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.

Other Information
Those charged with governance are responsible for the 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. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. 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, 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.

Director's Responsibility 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.

Richmond Sinnott & Delahunty, trading as RSD Audit
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In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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 Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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.

Independence

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

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

RSD Audit
Chartered Accountants

Mahesh Silva
Partner
Bendigo
Dated: 7 September 2023

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Bendigo Bank