

# Annual Report 2023

Katoomba & Upper Blue  
Mountains Community  
Enterprise Limited

Community Bank  
Katoomba & Upper Blue Mountains

ABN 55 134 947 201

# Contents

Chairman's report	2
Manager's report	3
Bendigo and Adelaide Bank report	4
Community Bank National Council report	5
2022-23 Sponsorships	6
Directors' report	7
Auditor's independence declaration	11
Financial statements	12
Notes to the financial statements	16
Directors' declaration	34
Independent audit report	35

# Chairman's report

For year ending 30 June 2023

I am pleased again to be able to report another successful year for the company.

Whilst we have experienced something of a plateauing in our business growth in the period there has been a substantial improvement in our profitability overall. This has come about through the increase in banking margins back to more normal levels across the banking sector generally. You will be able to see in the detail on the following pages that our profit for the year has more than doubled.

This has not been achieved without some difficulties. For two years we operated an Agency of the bank in conjunction with the pharmacy in Blaxland. Unfortunately the agency did not get the support from the community that we expected and we have had to cease that operation.

Our improved profits are allowing us to be more generous with our support for community projects. As you will see from the Balance Sheet we have a sizeable amount of capital on hand. It is the Board's intention that these funds will be available for larger community projects which are in the process of being determined.

In recent months two Board members, Kerry Brown and Bernie Fehon have left the Board. Their strong and considered contributions to the Board's deliberations will be missed. They are replaced by Jennifer Scott and Michael Brischetto who both have substantial track records in community activities in the Upper Mountains.

The Board is confident that we can expect a good year ahead.



**Robert Stock**  
Chairman

# Manager's report

For year ending 30 June 2023

Welcome to the annual report for the Community Bank Katoomba and Upper Mountains Branch.

A further successful year with good profits.

Stability and growth are evident despite challenging and continuing changes in the way the Banking industry and customers now operate.

Scams and fraudulent activities are on the rise as is the switch to on-line and digital banking. Bendigo and Adelaide Bank continues to invest heavily to avert these threats as well as making day to day banking easier.

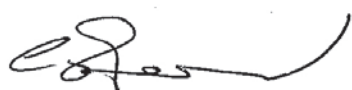
Where competitors are forcing customers to online Banking, here at Bendigo Bank being a Community Bank we welcome the option to conduct face to face Banking, which is a key differential, compared to the major Banks.

We pride ourselves to assist the Community as well as providing excellent customer service to both existing and prospective customers. Furthermore, Roy Morgan Research has confirmed that Bendigo Bank is the most trusted Australian Bank for four consecutive quarters.

A further differential by being a Community Bank is our charter is to distribute 80% of our operating profits by way of various sponsorships and support to charities and not profit operations, local schools, community events and sporting groups. No other Australian Bank conducts business in this manner.

This financial year Community grants totalled \$100,187 accumulating to a staggering \$733,602 since inception that has been paid directly to various entities directly benefitting local Community groups.

I would like to take this opportunity to thank the staff, Pat, Monica, Adele, Tina, and Kathy, the Board of Directors, who volunteer their valuable time, the shareholders, and the Bendigo and Adelaide Bank support team, for all their assistance during the year. All have been fundamental in the continued success of the Bank.



**Claude Adamati**  
Branch Manager

# Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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



**Justine Minne**  
**Bendigo and Adelaide Bank**

# Community Bank National Council report

For year ending 30 June 2023



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

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

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

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

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

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

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

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

Warm regards

A stylized, handwritten signature in black ink, appearing to read "Sarah Franklyn".

**Sarah Franklyn**  
CBNC Chair

# 2022-23 Sponsorships

For year ending 30 June 2023

During the year ended 30 June 2023 financial support, totalling \$100,187, was provided to the following organisations and community projects. Our support contributed to projects and activities with a total cost of almost \$700,000.



1st Blackheath Scout Group for an air conditioning unit for their scout hall	Zonta Club - Blue Mountains for their District 24 Area 2 Meeting & Gala Dinner
Upper Blue Mountains Sunrise Rotary for their Cookbook - Housing for the Homeless project	Rotary Club of Lower Blue Mountains for their Pride of Workmanship Vocational Service Awards
Katoomba Rugby League Club for Game Day Uniforms	Wentworth Falls Football Club for 2023 sponsorship
Katoomba North Public School P&C Association for their School Breakfast Club	Academy Singers Inc. for their 2023 Concert Series
Resilient Blue Mountains for their Climate Action Super Heroes project	Wintermagic Festival Inc. for their This is Gundungurra event
Leura Village Association for the 2022 Leura Village Fair	Blue Mountains District Dart Association for their NSW Representatives for State Darts Competition project
Hazelbrook Public School P&C Association for the 2022 Mid Mountains Garden festival	Leura Gardens Festival Inc. for the 2023 Leura Gardens Festival
Walk'n'Talk for Life for their Walk'n'Talk for Life Blue Mountains project	Walk it Off Springwood for their Walk It Off project
Wentworth Falls Public School P&C Association for their 2022 Blue Mountains Artfest	Springwood Neighbourhood Centre for their Emergency Food Appeal project
Bub Hub Blue Mountains for their Bub Hub Blue Mountains project	TEDx Blue Mountains for their TEDx Katoomba project
Society of Mountain Artists for their 2022 Annual Spring Art Exhibition	Blue Mountains Dog Training Club for their 2023 Obedience & Rally Trial
Central Mountains Christmas Lunch for their 2022 Free Christmas Lunch project	Blue Mountains Quilters Inc. for their Quilting Workshop
Katoomba Chamber of Commerce & Community for their graffiti removal project	Shared Reading NSW Inc. for their Blackheath Reading and Healing Together project
Mountain Youth Services Team to upgrade facilities and equipment	Greater Blue Mountains Creative Artists Network for their 2023 Regenesi Anthology project
Toolo Limited for their tool library	Blackheath Area Neighbourhood Centre for their Building Resilience through Creativity project
Rotary District 9685 for their Youth Leadership Award	Fusion Australia for their Brekky Club at Winmalee and Blaxland High Schools
Katoomba Chamber of Commerce & Community for their 2022 Christmas School Concert	Blackheath Rhododendron Festival for their 2023 Blackheath Rhododendron Festival
Leura Golf Club for annual sponsorship	Australian Sports Foundation for the sponsorship of an Australian junior soccer player
Older Women's Network for their Strong Women Stay Young forum	Counterpoint Children's Orchestra for their Children's Concerts
Leura Public School P&C Association for their Movie Night Under the Stars	Mountains Archers Inc for a new sign
bentART for their 2023 Annual Exhibition	Lyttleton Gardens for their Lyttleton Reimagining and Reopening project
Mountain Productions Inc. for the 2023 Blackheath Chamber Music Festival	Blue Mountains Police Officer Committee for their Police Officer of the Year award ceremony
Blackheath Rhododendron Festival for their sponsorship of the Festival Chorus of the Blackheath Choir Festival	

# Directors' report

For the financial year ended 30 June 2023

The Directors present their report, together with the financial statements, on Katoomba and Upper Blue Mountains Community Enterprise Limited for the financial year ended 30 June 2023.

## Board of Directors

The following persons were Directors of Katoomba and Upper Blue Mountains Community Enterprise Limited during the whole of the financial year up to the date of this report, unless otherwise stated:

### Robert Nicholas Stock

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Title: Chair  
Qualifications: B.Science (Architecture), Dip Ed.  
Experience & Expertise: Former councillor of the Blue Mountains City Council. Director of Kimbert Holdings P/L.

### Charles Brooke Broughton

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Title: Company Secretary  
Qualifications: LL.B (Auckland)  
Experience & Expertise: Retired professional association executive. Past president of the Leura Gardens Festival.

### Mark John Jarvis

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Title: Treasurer  
Qualifications: B. Commerce (UNSW)  
Experience & Expertise: Manager of the Carrington Hotel. President of the Katoomba Chamber of Commerce.

### Peter Newton Carroll

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Title: Non-Executive Director, Chair of Sponsorship committee  
Qualifications: B. Rural Science, Master of Rural Science (UNE)  
Experience & Expertise: Retired international banker. Vice president of Katoomba Chamber.

### Jennifer Joy Ross

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Title: Non-Executive Director  
Qualifications: Dip.Teaching (Mitchell College).  
Experience & Expertise: Teacher (18 years); Convenor of Friends of Blackheath Pool.  
Centrelink manager (retired)

### Tanya Kathryn James

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Title: Non-Executive Director  
Qualifications: Masters in Business Leadership & Communication Management  
Experience & Expertise: Principal of Positive Change & Development, executive coach to McKinsey Academy.

### Bernard Philip Fehon OAM

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Title: Non-Executive Director. Resigned 20 July 2023  
Qualifications: BE (Mech), M.Sc. (I.D.), DFP, GAICD  
Experience & Expertise: Founder - Vinnies CEO Sleepout. Former CEO of Blue Mtns Economic Enterprise.



## Directors' report (continued)

### Jane Cherrill Canfield

Title: Non-Executive Director. Resigned 15 December 2022.  
Qualifications: Certificate in Graphic Design (Randwick TAFE)  
Experience & Expertise: Professional artist and graphic designer. WIRES volunteer.

### Kerry Lee Brown

Title: Non-Executive Director. Resigned 24 November 2022.  
Qualifications: B. Arts. Horticulturist and Landscaper  
Experience & Expertise: Past councillor on Blue Mountains City Council. Former journalist. Consulted to WWF.

### Jennifer Anne Scott AM

Title: Non-Executive Director. Appointed 27 April 2023.  
Qualifications: BAB Legs (Macq); LLM (Macq); MDR (WSU)  
Experience & Expertise: Lawyer (40 yrs); Mediator, Arbitrator, Conflict Coach, BMCC - Planning panel member

### Michael Santo Brischetto

Title: Non-Executive Director. Appointed 20 July 2023.  
Qualifications: LREA: Liquor Licensee - Balpar Pty Ltd  
Experience & Expertise: Property industry (27 years); Co-owner Carrington Hotel Katoomba

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

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:

Director	Board Meetings	
	A	B
Robert Nicholas Stock	8	6
Charles Brooke Broughton	8	8
Mark John Jarvis	8	6
Peter Newton Carroll	8	6
Jennifer Joy Ross	8	8
Tanya Kathryn James	8	6
Bernard Philip Fehon OAM	8	8
Jane Cherrill Canfield	3	2
Kerry Lee Brown	2	-
Jennifer Anne Scott AM	-	-
Michael Santo Brischetto	-	-

A - The number of meetings eligible to attend. B - The number of meetings attended.

### Company Secretary

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

#### Charles Brooke Broughton

Charles Brooke Broughton LL.B (Auckland)

Experience & Expertise: Retired professional association executive. Past President of the Leura Gardens Festival.

## Directors' report (continued)

### 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	480,575	213,227	125%

Interest rate rises have contributed to a significant increase in profit.

### 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
Robert Nicholas Stock	12,001	-	12,001
Charles Brooke Broughton	3,501	-	3,501
Mark John Jarvis	100,703	1,000	101,703
Peter Newton Carroll	10,001	-	10,001
Jennifer Joy Ross	501	-	501
Tanya Kathryn James	501	-	501
Jane Cherrill Canfield	1,501	-	1,501
Kerry Lee Brown	-	-	-
Bernard Philip Fehon OAM	501	-	501
Jennifer Anne Scott AM	10,000	-	10,000
Michael Santo Brischetto	-	-	-

### 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 (\$)
Final fully franked dividend	8.00	\$88,000
<b>Total Amount</b>	<b>8.00</b>	<b>\$88,000</b>

### 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.

# Directors' report (continued)

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## **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*.

## **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 11 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Katoomba, NSW.



**Robert Nicholas Stock**  
**Chair**

Dated this 24th day of August, 2023

# Auditor's independence declaration



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

Ph: (03) 4435 3550  
admin@rsdaudit.com.au  
www.rsdaudit.com.au

## **Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Katoomba & Upper Blue Mountains Community Enterprise 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 Katoomba & Upper Blue Mountains Community Enterprise 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**

A handwritten signature in black ink, appearing to be 'JP', written over a light grey circular background.

**Josh Porker**  
**Principal**

41A Breen Street  
Bendigo VIC 3550

**Dated:** 28 August 2023

# Financial statements

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

	Note	2023 \$	2022 \$
<b>Revenue</b>			
Revenue from contracts with customers	7	1,467,543	969,687
Other revenue	8	2,038	13,699
Finance income	9	9,025	-
		<b>1,478,606</b>	<b>983,386</b>
<b>Expenses</b>			
Employee benefits expense	10(a)	(409,041)	(402,481)
Depreciation and amortisation	10(b)	(28,738)	(28,738)
Agents commission		(50,594)	(42,777)
IT expenses including equipment lease		(26,189)	(30,871)
Insurance		(16,573)	(18,459)
Freight / cartage / delivery		(13,396)	(13,178)
Professional fees - payroll, accounting, audit and share registry		(12,602)	(11,621)
Printing and stationery		(8,256)	(8,815)
Marketing		(1,461)	(7,663)
Cash delivery		(7,651)	(7,579)
ATM expenses including equipment lease		(7,538)	(7,027)
Staff training		(6,624)	(6,600)
Other expenses		(48,788)	(45,854)
		<b>(637,451)</b>	<b>(631,663)</b>
<b>Operating profit before charitable donations and sponsorship</b>		<b>841,155</b>	<b>351,723</b>
Charitable donations and sponsorship	10(c)	(200,388)	(67,420)
<b>Profit before income tax</b>		<b>640,767</b>	<b>284,303</b>
Income tax expense	11	(160,192)	(71,076)
<b>Profit for the year after income tax</b>		<b>480,575</b>	<b>213,227</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>480,575</b>	<b>213,227</b>
Profit attributable to the ordinary shareholders of the company		480,575	213,227
<b>Total comprehensive income attributable to ordinary shareholders of the company</b>		<b>480,575</b>	<b>213,227</b>
<b>Earnings per share</b>			
		¢	¢
- basic and diluted earnings per share	28	43.69	19.38

The accompanying notes form part of these financial statements

## Financial statements (continued)

### Statement of Financial Position for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	199,334	84,710
Trade and other receivables	13	119,896	84,279
Financial assets	14	659,025	350,000
Other assets	15	13,478	5,974
<b>Total current assets</b>		<b>991,733</b>	<b>524,963</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	852,437	868,107
Intangible assets	17	18,513	31,581
Deferred tax assets	18	14,907	11,495
<b>Total non-current assets</b>		<b>885,857</b>	<b>911,183</b>
<b>Total assets</b>		<b>1,877,590</b>	<b>1,436,146</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	30,636	32,578
Current tax liability	18	51,104	13,942
Employee benefits	20	59,628	45,979
<b>Total current liabilities</b>		<b>141,368</b>	<b>92,499</b>
<b>Total liabilities</b>		<b>141,368</b>	<b>92,499</b>
<b>Net assets</b>		<b>1,736,222</b>	<b>1,343,647</b>
<b>Equity</b>			
Issued capital	21	1,090,278	1,090,278
Retained earnings	22	645,944	253,369
<b>Total equity</b>		<b>1,736,222</b>	<b>1,343,647</b>

The accompanying notes form part of these financial statements

## Financial statements (continued)

### Statement of Changes in Equity for the year ended 30 June 2023

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2021</b>		1,090,278	117,143	1,207,421
<b>Comprehensive income for the year</b>				
Profit for the year		-	213,227	213,227
Other comprehensive income for the year		-	-	-
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid or provided	27	-	(77,001)	(77,001)
<b>Balance at 30 June 2022</b>		<b>1,090,278</b>	<b>253,369</b>	<b>1,343,647</b>
<b>Balance at 1 July 2022</b>		1,090,278	253,369	1,343,647
<b>Comprehensive income for the year</b>				
Profit for the year		-	480,575	480,575
Other comprehensive income for the year		-	-	-
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid or provided	27	-	(88,000)	(88,000)
<b>Balance at 30 June 2023</b>		<b>1,090,278</b>	<b>645,944</b>	<b>1,736,222</b>

The accompanying notes form part of these financial statements

## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,433,964	975,305
Payments to suppliers and employees		(804,898)	(704,976)
Interest received		9,025	-
Income tax paid		(126,442)	(65,755)
<b>Net cash flows provided by operating activities</b>	<b>23b</b>	<b>511,649</b>	<b>204,574</b>
<b>Cash flows from investing activities</b>			
Purchase of investments		(309,025)	(350,000)
<b>Net cash flows used in investing activities</b>		<b>(309,025)</b>	<b>(350,000)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(88,000)	(77,001)
<b>Net cash flows used in financing activities</b>		<b>(88,000)</b>	<b>(77,001)</b>
<b>Net increase/(decrease) in cash held</b>		<b>114,624</b>	<b>(222,427)</b>
Cash and cash equivalents at beginning of financial year		84,710	307,137
<b>Cash and cash equivalents at end of financial year</b>	<b>23a</b>	<b>199,334</b>	<b>84,710</b>

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 Katoomba and Upper Blue Mountains Community Enterprise Limited (the Company) as an individual entity. Katoomba and Upper Blue Mountains Community Enterprise Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 24th August 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 25.

## 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, where 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 in Katoomba.

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.

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.

## Notes to the financial statements (continued)

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

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 services 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.

#### *Margin*

Margin is arrived at through the following calculation:

$$\begin{array}{l} \text{Interest paid by customers on loans, less interest paid to customers on deposits} \\ \text{plus} \\ \text{Deposit returns (i.e. interest return applied by BABL on deposits)} \\ \text{minus} \\ \text{Any costs of funds (i.e. interest applied by BABL to fund a loan)} \end{array}$$

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.

# Notes to the financial statements (continued)

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

### *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.

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.

# Notes to the financial statements (continued)

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

### *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.

#### *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.

# Notes to the financial statements (continued)

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

### (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.

#### *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

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
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

# Notes to the financial statements (continued)

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## 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.

### *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.

## **(j) 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.

# Notes to the financial statements (continued)

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

### (k) 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.

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 has not been a party in an arrangement where it is a lessor.

### (l) 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.

### (m) Comparative Figures

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

## Notes to the financial statements (continued)

### 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	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time

#### (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 18 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 16 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 20 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases through 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.

#### (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.

#### (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.



## Notes to the financial statements (continued)

### Note 5. Financial Risk Management (continued)

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 \$199,334 at 30 June 2023 (2022: \$84,710). 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 (after adding back Community Contributions and Accumulated Profits); 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%.

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 \$
<b>Revenue</b>		
- Revenue from contracts with customers	1,338,984	969,687
<i>Disaggregation of Revenue From Contracts With Customers</i>		
- Margin income	1,338,984	814,566
- Fee income	53,111	55,098
- Commission income	75,448	100,023
	<b>1,467,543</b>	<b>969,687</b>

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.

## Notes to the financial statements (continued)

### Note 8. Other Revenue

The Company generates other sources of revenue as outlined below.

	2023 \$	2022 \$
<b>Other Revenue</b>		
- Other income	2,038	13,699
	<b>2,038</b>	<b>13,699</b>

### Note 9. Finance Income

The Company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

	2023 \$	2022 \$
<b>Finance Income</b>		
- Interest from term deposits	9,025	-
	<b>9,025</b>	<b>-</b>

### Note 10. Expenses

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

#### (a) Employee Benefits Expense

	2023 \$	2022 \$
<i>Employee Benefits Expense</i>		
- Wages & salaries	355,303	378,639
- Superannuation costs	36,391	34,560
- Other expenses related to employees	17,347	(10,718)
	<b>409,041</b>	<b>402,481</b>

#### (b) Depreciation & Amortisation Expense

	2023 \$	2022 \$
<i>Depreciation of Non-current Assets</i>		
- buildings	15,670	15,670
	<b>15,670</b>	<b>15,670</b>
<i>Amortisation of Intangible Assets</i>		
- franchise fees	13,068	13,068
	<b>13,068</b>	<b>13,068</b>
<b>Total depreciation &amp; amortisation expense</b>	<b>28,738</b>	<b>28,738</b>

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the Company's accounting policy (see Note 3(g) and 3(h) for details).

## Notes to the financial statements (continued)

### Note 10. Expenses (continued)

#### (c) 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 \$
<i>Community Investments &amp; Sponsorship</i>			
- Direct sponsorship and grant payments		100,388	67,420
- Contribution to the Community Enterprise Foundation™	10(d)	100,000	-
		<b>200,388</b>	<b>67,420</b>

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.

#### (d) Community Enterprise Foundation™ 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		25,000	25,000
Contributions paid	10(c)	115,789	-
Interest received		1,118	
GST paid		(10,526)	-
Management fees incurred		(5,262)	-
<b>Balance available for distribution</b>		<b>126,119</b>	<b>25,000</b>

### Note 11. 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	163,604	67,304
Deferred tax expense	(3,412)	3,772
	<b>160,192</b>	<b>71,076</b>

#### (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%)	(160,192)	(71,076)
<b>Income tax attributable to the entity</b>	<b>(160,192)</b>	<b>(71,076)</b>
The applicable weighted average effective tax rate is:	25.00%	25.00%

## Notes to the financial statements (continued)

### Note 12. Cash & Cash Equivalents

	2023 \$	2022 \$
Cash at bank and on hand	199,334	84,710
	<b>199,334</b>	<b>84,710</b>

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 13. Trade & Other Receivables

	2023 \$	2022 \$
<b>Current</b>		
Trade receivables	119,896	84,279
	<b>119,896</b>	<b>84,279</b>

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 14. Financial Assets

	2023 \$	2022 \$
Term deposits	659,025	350,000
	<b>659,025</b>	<b>350,000</b>

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

### Note 15. Other Assets

	2023 \$	2022 \$
Prepayments	13,478	5,974
	<b>13,478</b>	<b>5,974</b>

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.

## Notes to the financial statements (continued)

### Note 16. Property, Plant & Equipment

#### (a) Carrying Amounts

	2023 \$			2022 \$		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Land	304,000	-	304,000	304,000	-	304,000
Buildings	626,785	78,348	548,437	626,785	62,678	564,107
Leasehold improvements	211,515	211,515	-	211,515	211,515	-
Furniture & fittings	54,236	54,236	-	54,236	54,236	-
<b>Total</b>	<b>1,196,536</b>	<b>344,099</b>	<b>852,437</b>	<b>1,196,536</b>	<b>328,429</b>	<b>868,107</b>

#### (b) Movements in Carrying Amounts

	2023 \$	2022 \$
<b>Buildings</b>		
Opening carrying value	868,107	883,777
Additions	-	-
Disposals	-	-
Depreciation expense	(15,670)	(15,670)
<b>Closing carrying value</b>	<b>852,437</b>	<b>868,107</b>

#### (c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2023 (2022: None).

#### (d) Changes in Estimates

During the financial year, the Company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

### Note 17. Intangible Assets

#### (a) Carrying Amounts

	2023			2022		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fee	65,340	46,827	18,513	65,340	33,759	31,581
	<b>65,340</b>	<b>46,827</b>	<b>18,513</b>	<b>65,340</b>	<b>33,759</b>	<b>31,581</b>

## Notes to the financial statements (continued)

### Note 17. Intangible Assets (continued)

#### (b) Movements in Carrying Amounts

	2023 \$	2022 \$
<b>Franchise Fee</b>		
Opening carrying value	31,581	44,649
Additions	-	-
Disposals	-	-
Depreciation expense	(13,068)	(13,068)
<b>Closing carrying value</b>	<b>18,513</b>	<b>31,581</b>

### Note 18. Tax Assets & Liabilities

#### (a) Current Tax

	2023 \$	2022 \$
<b>Income tax payable</b>	<b>51,104</b>	<b>13,942</b>

#### (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 \$
<i>Deferred Tax Assets</i>			
- Employee provisions	11,495	3,412	14,907
Total deferred tax assets	11,495	3,412	14,907
<b>Net deferred tax assets</b>	<b>11,495</b>	<b>3,412</b>	<b>14,907</b>

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 \$
<i>Deferred Tax Assets</i>			
- Employee provisions	15,267	(3,772)	11,495
Total deferred tax assets	15,267	(3,772)	11,495
<b>Net deferred tax assets</b>	<b>15,267</b>	<b>(3,772)</b>	<b>11,495</b>

### Note 19. Trade & Other Payables

	2023 \$	2022 \$
<b>Current</b>		
Trade creditors	117	5,121
Other creditors and accruals	30,519	27,457
	<b>30,636</b>	<b>32,578</b>

## Notes to the financial statements (continued)

### Note 19. Trade & Other Payables (continued)

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 20. Employee Benefits

	2023 \$	2022 \$
<b>Current</b>		
Provision for annual leave	34,630	24,665
Provision for long service leave	24,998	21,314
	<b>59,628</b>	<b>45,979</b>

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 21. Issued Capital

#### (a) Issued Capital

	2023		2022	
	Number	\$	Number	\$
Ordinary shares - fully paid	1,100,010	1,100,010	1,100,010	1,100,010
Less: equity raising costs	-	(9,732)	-	(9,732)
	<b>1,100,010</b>	<b>1,090,278</b>	<b>1,100,010</b>	<b>1,090,278</b>

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.

#### (b) Movements in share capital

	2023 \$	2022 \$
<i>Fully paid ordinary shares:</i>		
At the beginning of the reporting period	1,100,010	1,100,010
Shares issued during the year	-	-
<b>At the end of the reporting period</b>	<b>1,100,010</b>	<b>1,100,010</b>

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.

## Notes to the financial statements (continued)

### Note 22. Retained Earnings

	Note	2023 \$	2022 \$
Balance at the beginning of the reporting period		253,369	117,143
Profit for the year after income tax		480,575	213,227
Dividends paid	27	(88,000)	(77,001)
<b>Balance at the end of the reporting period</b>		<b>645,944</b>	<b>253,369</b>

### Note 23. 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	12	199,334	84,710
<b>As per the Statement of Cash Flows</b>		<b>199,334</b>	<b>84,710</b>

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

	2023 \$	2022 \$
Profit for the year after income tax	480,575	213,227
Non-cash flows in profit		
- Depreciation	15,670	15,670
- Amortisation	13,068	13,068
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(35,617)	(8,081)
- (Increase) / decrease in prepayments and other assets	(7,504)	22
- (Increase) / decrease in deferred tax asset	(3,412)	3,772
- Increase / (decrease) in trade and other payables	(1,942)	(19,565)
- Increase / (decrease) in current tax liability	37,162	1,549
- Increase / (decrease) in provisions	13,649	(15,088)
<b>Net cash flows from operating activities</b>	<b>511,649</b>	<b>204,574</b>

### Note 24. 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 \$
<b>Financial Assets</b>			
Trade and other receivables	13	119,896	84,279
Cash and cash equivalents	12	199,334	84,710
Term deposits	14	659,025	350,000
		<b>978,255</b>	<b>518,989</b>



## Notes to the financial statements (continued)

### Note 25. 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.

	2023 \$	2022 \$
Short-term employee benefits	94,266	152,886
Post-employment benefits	9,898	13,436
Other long-term benefits	1,561	1,879
<b>Total key management personnel compensation</b>	<b>105,725</b>	<b>168,201</b>

#### *Short-term Employee Benefits*

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

#### *Post-employment Benefits*

These amounts are the current year's estimated cost of providing the Company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

#### *Other Long-term Benefits*

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

#### (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

During the year, the Company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
Mark Jarvis	Hotel services	3,373

#### (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.

## Notes to the financial statements (continued)

### Note 26. Auditor's Remuneration

The appointed auditor of Katoomba and Upper Blue Mountains Community Enterprise 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 \$
<i>Audit &amp; Review Services</i>		
Audit and review of financial statements (RSD Audit)	5,750	5,750
<b>Total auditor's remuneration</b>	<b>5,750</b>	<b>5,750</b>

### Note 27. 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	1,100,010	88,000	1,100,010	77,001
<b>Dividends provided for and paid during the year</b>	<b>1,100,010</b>	<b>88,000</b>	<b>1,100,010</b>	<b>77,001</b>

The tax rate at which dividends have been franked is 25% (2022: 25%).

### Note 28. 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	480,575	213,227
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares	1,100,010	1,100,010
	<b>¢</b>	<b>¢</b>
Basic and diluted earnings per share	43.69	19.38

### Note 29. 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 30. Commitments & Contingencies

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 31. Company Details

The registered office of the Company is: 117 Katoomba Street KATOOMBA NSW 2780

The principal place of business is: 117 Katoomba Street KATOOMBA NSW 2780

# Directors' declaration

For the financial year ended 30 June 2023

In accordance with a resolution of the directors of Katoomba and Upper Blue Mountains Community Enterprise 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.



**Robert Nicholas Stock**  
Chair

Dated this 24th day of August, 2023

# Independent audit report



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KATOOMBA & UPPER BLUE MOUNTAINS COMMUNITY ENTERPRISE LIMITED**

### **REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

#### **Opinion**

We have audited the financial report of Katoomba & Upper Blue Mountains Community Enterprise 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 Katoomba & Upper Blue Mountains Community Enterprise 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**

The directors 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.

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.

Richmond Sinnott & Delahunty, trading as RSD Audit  
ABN 60 616 244 309  
Liability limited by a scheme approved under Professional Standards Legislation



## 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company 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.

## 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

A handwritten signature in blue ink, appearing to read 'J. Porker', written over a light blue circular stamp.

**Josh Porker**  
Principal

Dated: 28 August 2023

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Blackheath Newsagency  
245 Great Western Highway, Blackheath NSW 2785  
Phone: 02 4787 8449

Blaxland  
Blaxland Day n Night Pharmacy  
138 Great Western Highway Blaxland NSW 2774  
Phone: 02 4739 1611

Franchisee: Katoomba & Upper Blue Mountains Community Enterprise Limited  
ABN: 55 134 947 201  
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Phone: 02 4782 1144

 /communitybankkatoomba

