Annual Report 2023

Mount Martha Community Enterprises Ltd

Community Bank
Mount Martha

ABN 25 142 190 949

Contents

Chairman's report

For year ending 30 June 2023

Ladies and Gentlemen 30 June has come and gone and Community Bank Mount Martha can look back over the past 12 months as a year of success.

Community Bank Mount Martha's footings have grown from $226 million to $230 million (at one point they reached $250 million. You may recall that as at 30 June 2021 they stood at $157 million.

As it was last year my report will be short, primarily because I can refer you to Gary Sanford parting Branch Manager's report.

Your Company's financial statements for the year are included with this report and you will see how very very pleasing your Company's performance has been. I urge you as I have done in previous years to read through them carefully as they give you an insight into the financial progress that your Company has made, not only over the past 12 months, but over the 12 years since it commenced trading in 2011. Should you have any questions Treasurer Matt Forsyth is happy to address them.

Under the continued leadership of Branch Manager Gary Sanford, performance through 2022-23 was ahead of expectations and ahead of budget.

The most encouraging achievement of the past 12 months was that for the first time in your Company's 12 year history it has been able to make a significant and meaningful contribution to the Mount Martha Community by way of sponsorships, donations and grants. It has paid $250,000 in the Community Grants program plus a further $207,000 in sponsorships and donations. Last Year the full community contribution was $113,000

Last year I reported to you that I was comfortable saying that the hard work and disappointment of our earlier years was behind us, and that we could look forward to a very promising and financially rewarding future. I am sure that you will all agree that to increase our community contributions by such a large amount demonstrates that the tough times are behind us.

Success for your Company has the flow on effect that your support for the establishment of Community Bank Mount Martha and your patience in being without any dividend reward for nine years can now start to be repaid in a meaningful may. Your Company was able to declare a dividend of four cents per share in 2021, and a dividend of six cents per year last year. I'm very pleased to be able to announce that for the 2023 financial year your Board has declared a dividend of ten cents per share.

Because your Company had substantial losses in its first years trading it has not been required to pay tax, as a consequence it has not been able to build up a franking credit account that would enable dividends to be paid with franking credits. I am confident however that next year a similar dividend will be paid and that in all likelihood it will be a fully franked dividend.

Dividends will be paid next month. If any of you have not already provided banking details I urge you to contact the Company as soon as you can because without shareholder banking details your dividend cannot be paid. There are still a number of our shareholders who have not provided details of their tax file number. Whilst there is no obligation for a shareholder to provide details of a tax file number without the tax file number your Company is required to deduct tax at the top marginal rate from any dividend, that seems to me to be very wasteful.

When Gary Sanford was persuaded to take over management of your Bank from Kerry Debanardi he undertook to give four years service. Those four years have now passed and I'm saddened to have to tell you that whilst Gary's enthusiasm and guidance together with the support he has received from Stacey Wakeman and his team brought your Bank to its current position Gary decided to retire on 30 June.

Gary's deputy Stacey Wakeman has been promoted to Manager and Amye Tebbutt has been promoted to the position of Personal Banker. On your behalf I congratulate Stacey and Amye.

Amanda Davidson was appointed as your Bank's Home Lending Specialist taking up that position in March, she subsequently has taken maternity leave but has indicated that she will return to full-time duties at the end of January next year.

You will recall our retired Branch Manager Kerry Debanardi. I am pleased to be able to tell you that Kerry has accepted the challenge to return to your Bank to fill the Home Loan Lending Specialist position on a nine month contract basis. I welcome Kerry's return to the team

Last year I was able to tell you that an indication of Gary's enthusiasm and leadership was the Bendigo and Adelaide Bank Limited. Peninsula Region presentation to Community Bank Mount Martha of two awards, Branch of the Year and Best Lending Growth of the Year. Well this year they have improved on that. Community Bank Mount Martha was on 24 August presented with three awards for the Peninsula Region, Branch of the Year, Best Lending Growth Award, and Best Wealth Achievement Award. The three awards recognise the continued growth of your Bank and the outstanding achievement that has resulted from the hard work by Gary, Stacey and their team. On your behalf I congratulate them both.

I am pleased to be able to tell you that Gary's retirement from the position of Branch Manager will not see the end of his association with Community Bank Mount Martha . Gary has accepted the position of Community Engagement Officer which will enable us to continue to thrive off his enthusiasm, commitment to the Mount Martha Community, and commitment to the Community Banking model.

During 2022-23 your Board welcomed two new Directors. Philip Fitzpatrick and Charles Smitheram. Philip is an architect, author, and developer. He brings with him a wealth of entrepreneurial and management skills which he has already generously shared with his fellow Directors. Charles comes from senior career in banking management and brings with him a wealth of in-depth knowledge into banking, banking practices, and management. I am very grateful to both new Directors for the skills and enthusiasm that they have brought to your Board.

You will be asked to ratify their appointment at the Annual General Meeting.

Last year, I reported that your Company was well-positioned to go forward and make an even greater contribution to our community. That is even more so this year, however I continue to be saddened by the fact that your Board does not have a fair balance of gender representation. The constitution of your Board rest solely in your hands as shareholders, I urge you to consider nominating either yourself or someone that you know and respect as a Director.

At the Annual General Meeting you will be asked to vote on something that is new to your Company. That is the remuneration of your Directors. Currently your Directors give their time and expertise willingly and without reward. Some of your Directors have done that for a very very long time. It is however only as result of the guidance that your Board is able to give to management and staff that your Company is able to be successful and pay a significant community dividend and a significant shareholder dividend.

Your Company is a Public Company. Being the Director of a Public Company carries with it very significant responsibility and risk. It is now time that your Directors be rewarded, even if that reward, is in the scheme of things, not great. Your Company's Constitution provides for Directors to be remunerated but that the amount of remuneration to be paid to each Director be approved by you at a General Meeting. I urge you to support the remuneration proposal that will be put to the Annual General Meeting.

I thank Gary, Stacey and your team. I thank each of our shareholders for your continued support of Community Bank Mount Martha.

It is a two-way trade and that is what the Community Banking model is all about.

Nick Roberts OAM
Chairman

Manager’s report

For year ending 30 June 2023

On 30 June 2023, I officially retired as Community Bank Mount Martha Branch Manager and handed over to Stacey Wakeman as our Branch Manager to take us into the future.

Since joining Community Bank Mount Martha on 16 November 2019, and taking over from then retiring Branch Manager Kerry Debernardi, it has been a very enjoyable and rewarding part of my banking career.

Not even COVID-19 could stop the growth and development of the branch, and its increased community engagement has been extremely pleasing to be part of.

I am very pleased to be remaining engaged with the branch and local community as a part time Community Engagement Officer with all my previous contact details unchanged.

Now let’s take a look at what we achieved in the 2023 financial year.

The financial year saw a continuation of interest rates rising with the RBA increasing the Cash rate to 4.10% at the end of June 2023.

As of 30 June 2023, our full year results can be summarised below:

Growth report summary: 2022				
	Balance 2022	Balance 2023	Growth	% Growth
Deposits	$134,551,000	$124,399,000	-$10,152,000	-7.50%
Loans	$89,485,000	$103,449,000	$13,964,000	15.60%
Equipment Finance	$817,000	$967,000	$150,000	18.40%
Other	$873,000	$1,506,000	$633,000	72.50%
	$225,726,000	**$230,321,000**	**$4,595,000**	**2.03%**

	Budget 2023	Growth 2023	Growth %
Deposits	$10,500,000	-$10,152,000	-96.68%
Loans	$5,950,000	$13,964,000	234.70%
Equipment Finance	$50,000	$150,000	300%
Other	-	$633,000	-
Total	**$16,500,000**	**$4,595,000**	**27.85%**
Total	**$12,000,000**	**$48,229,000**	**401.91%**

That’s’ a growth of $4.595 million (2.03%), which is a pleasing result, when we take into account the large drop in deposit funds in the last quarter of the financial year.

The final deposit total was impacted by one customer who moved approx. $20 million of funds to another financial institution, which we were unable to retain.

The final results indicate a $10.152 million drop in deposit balances from 30/6/2022, a $14.114 million growth in lending balances and 0.633 million growth in other facilities, which totals $4.595 million in overall growth.

We look forward to the challenges in 2023/24 which will see further expansion of our community engagement activities. We anticipate this will assist with continued growth.

Board

Since I started with Community Bank Mount Martha, I have been thankful for the hard work of Board Directors, some for many years, who are all volunteers. They have provided tremendous support to me and all our staff.

It has been pleasing to see the growth in our Director numbers this year, which has added to the already strong Board management in place.

Again, I would like to thank and congratulate Nick Roberts, Chairman for his leadership of the Board and his personal engagement with me over the last three and half years. Nick is the inaugural Chairman of the Board and has worked through early years challenges, which we are all seeing the benefits of his long-standing hard work.

Staff

We have been very fortunate to have continued with the ongoing stability of our staff and their individual development.

When Sarah Waterworth advised us that she would not be returning from maternity leave we advertised for a full-time Customer Service Officer.

This enabled Amye Tebbutt to be rewarded for her excellent work since joining us being promoted to Personal Banker position, effectively filling the vacancy left by Sarah not returning from Maternity Leave. I congratulate Amye on this appointment.

Late 2022, I advised the Board of my intended retirement as Branch Manager and was very pleased that they supported the appointment of our Assistant Manager, Stacey Wakeman to become our next Branch Manager. I would like to thank Stacey for her support of me since I commenced and congratulate her on her new role.

The Board also supported the permanent appointment of Amanda Davidson as our Home Loan Lending Specialist when her Maternity Leave contract finished on 31 March 2023 (Filling in for Sarah Waterworth). Amanda has since gone on Maternity Leave and will return on 31 January 2024.

This left the need to fill the Home Loan Lending Specialist position on a nine-month contract basis. Who better than previously retired Branch Manager Kerry Debernardi, who thankfully accepted this offer when it was presented to him.

Stacey as our Branch Manager now has two Managers reporting to her (Gary and Kerry) with over 90 years banking experience between them. I think the management of the branch is in very good hands.

I would also like to acknowledge Narelle Lear who has provided great support to our TEAM, customers and our community.

Thank you and congratulations to all our staff.

Summary

Highlights for the financial year have been:

- Our total facilities at the branch grew by 566 over the year, which is an average 10.9 new accounts being opened every week. Note: This is on top of accounts that have been closed
- Community Bank Mount Martha was second Branch in the State for the number of new managed funds accounts opened
- Our Community Funding's increase from $113,000 in 2022 to $457,000 in 2023, which included the funding of the first round of Mount Martha Stronger Community Grants (250,000)
- The staff successions plan that has been put in place, which includes:
    - Amye Tebbutt's promotion to Personal Banker
    - Stacey Wakeman appointment as Branch Manager
    - Amanda Davidsons' appointment as Home Loan Lending Specialist, who is currently on Maternity Leave until 31 January 2024
    - Re employment of Kerry Debernardi as a Home Loan Lending Specialist on a nine-month contract covering Amanda's Maternity Leave until 31 January 2024.

- We launch our first round of Mount Martha Stronger Community Grants, which $250,000 was allocated for capital works applications ($2,500 min to $20,000 max) for up to 20 local not or profit entities.

Following on from the 2022 Peninsula Region Branch of the Year and 2022 Lending Growth Awards we achieved three awards in 2023:

- 2023 Branch of the Year
- 2023 Lending Growth Award
- 2023 Wealth Award.

To me this shows the strength of the Community Bank Model in how local customers can influence their own community's prosperity. Thank you to every customer that banks at Community Bank Mount Martha, you can see what impact this is having.

As we continue to promote: ***Support the Bank that Supports Your Community***, we look at innovative ways to support all parts of our community.

Overall, it has been a very successful 2023 financial year, which I feel has set us up for a any challenges the 2024 financial year may provide.

Gary Sanford
Retired Branch Manager

Directors' report

For the financial year ended 30 June 2023

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

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Nicholas John Roberts

Title:	Non-executive director
Experience and expertise:	Nick was managing a partner of Roberts Partners, a large legal practice on the Mornington Peninsula, responsible for the development and management of the firm's professional and business practice. A qualified accountant and tax agent, he now practices as an arbitrator and mediator, with many years of experience in those fields. Over the years Nick has had a committed involvement in local clubs and associations having served in positions with the Mt Martha Rotary Club including two terms as President.
Special responsibilities:	Chairman and Human Resources Committee

Colin Stanley Forsyth

Title:	Non-executive director
Experience and expertise:	Colin has an accounting diploma and has worked for Bluescope Steel for 30 years where he predominantly worked in management accounting roles. He was also a director and member of the audit committee for the Lysaght Credit Union during that time.
Special responsibilities:	Treasurer, Chair Governance, Audit and Finance Committee

Wilfred John Schubert

Title:	Non-executive director
Experience and expertise:	Operated a newsagency with Tattslotto Licence and Post Office. Banking experience with Resi State and Heine Management.
Special responsibilities:	Marketing & Business Development Committee

Bruce Blackwood Ranken

Title:	Non-executive director
Experience and expertise:	Bruce is a manager with over 21 years experience in Recruitment, Human Resources and leading large teams. Originally a chef by trade Bruce transitioned into recruitment and focused on the hospitality sector, becoming a partner in the largest hospitality recruitment business in Victoria. He then transitioned into the blue collar & trades sector of recruitment where he led large teams across the country, delivering to national clients across other sectors including agriculture, Wine and Automotive. More recently now working with a global firm and leading the National Team in blue collar, white collar, trade, health and automotive. He has always looked beyond the paid employment and given back wherever possible. This includes board positions held at Recruitment Consulting Services Association. Bruce was a former Councillor for Nillumbik Shire from 2016-2020 which also included the positions of Deputy Mayor 2018-2019, Chair of Finance and Governance, Chair of Social Infrastructure and Audit and Risk committee member. Bruce's other interests include the Rotary International and Scouting Association. Bruce holds a Diploma in Human resources, Hospitality Management and Events Management whilst also being a member of the Australian Institute of Company directors and Retirement Consulting Services Association.
Special responsibilities:	Chair Human Resources Committee

Matt Neil Forsyth

Title:	Non-executive director
Experience and expertise:	Matt has an Accounting Diploma and is currently undertaking his accounting degree. He has worked for BCV Financial Solutions for the past 3 years primarily in Tax Accounting.
Special responsibilities:	Member of the Governance, Audit and Finance Committee

Martyn George Baker

Title:	Non-executive director
Experience and expertise:	Martyn moved to the Mornington Peninsula in 1995 from London with his Bride to be Lisa, a Melbourne nurse and midwife. They met while travelling in Los Angeles in 1992 and Lisa moved to London later that year. Martyn decided to change his career from communications engineer to hospitality and worked in and managed several venues in Sorrento and Portsea. They purchased Mount Martha Fine Foods in the village in 1997 and two years later moved from McCrae to Mount Martha. They successfully ran the business for 21 years before selling to two staff members one of which was their eldest son Ned who has carried on the tradition of great food and coffee. Over his time here Martyn has been involved with the Mount Martha Tennis Club for 16 years and his two sons Ned and Tom have played cricket, footy, tennis and soccer locally. So many years were spent on the sidelines at Ferrero Reserve and the Tennis Club. Martyn was involved in helping to get the bank off the ground by procuring the original premises along with several other concerned traders in Mount Martha. Now retired Martyn looks forward to assisting the Board in any way he can and giving back to the local community that has supported him in life and business.
Special responsibilities:	Nil

Shane Anthony Pope

Title:	Non-executive director (appointed 28 July 2022)
Experience and expertise:	Shane is a fully licensed Real Estate Agent, who has been self employed for 10 years in multiple businesses. He joins us from his post at South Mornington Football Club where in the years past he has served as President and currently a Board Member. Having grown up in the Peninsula, it is a place he is proud to call home. Locally schooled and now living back in his home suburb of Mount Eliza, he is keen to be of great value to the local and broader community and particularly the bank and its noble community and charitable engagements.
Special responsibilities:	Member of Marketing and Human Resources Committee.

Philip Joseph Fitzpatrick

Title:	Non-executive director (appointed 23 March 2023)
Experience and expertise:	Philip is an 18 year resident of Mount Martha and has worked around the world as a quantity surveyor and builder. Philip has been involved with many not-for-profit organisations promoting young people in the construction industry and working with homeless charities to find real solutions. Philip has 3 adult children living in Mount Martha and 8 grandchildren attending local schools. Philip is the author of 2 best-selling construction books with a 3rd scheduled for release this year. Christopher holds a Diploma and Certificate 4 in Building and Construction and maintains another directorship position a Keen Construction Co Pty Ltd.
Special responsibilities:	Nil

Charles Adam Smitheram

Title:	Non-executive director (appointed 23 March 2023)
Experience and expertise:	Charles has over 30 years' experience as a senior manager in corporate finance, treasury and investor relations for ASX listed companies. He also spent several years as a director and company secretary of a family owned residential and commercial property development company. He has a Bachelor of Commerce from Melbourne University and is a Certified Finance and Treasury Professional. Charles moved to Mount Eliza in 2005 and since then has been active on management committees for kindergartens, schools and children's sporting clubs in the Mount Eliza area.
Special responsibilities:	Member of Governance, Audit and Finance Committee

Danielle Simone Force

Title:	Non-executive director (resigned 28 July 2022)
Experience and expertise:	Danielle is a Wesley College Graduate in 1990, and holds a Bachelors degree in Visual Communications from RMIT. She has previously been a self-employed photographer from 1995-2001 until transitioning into event planning as a director of Better Chemistry Pty Ltd from 2000-2008. She has run and owned her own cafe from 2013 to present. Danielle also has experience as a self expression and leadership coach from 2001-2008.
Special responsibilities:	Human Resources Committee

Company secretary

The company secretary is Wilfred John Schubert. Wilfred was appointed to the position of company secretary on 18 November 2021.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to $339,037 (30 June 2022: $95,976).

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

Dividends

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

	2023 $
Unfranked dividend of 6 cents per share (2022: 4 cents)	61,851

Subsequent to financial year-end, the following dividends were proposed by the directors. The dividends have not been provided for in the financial statements.

	2023 $
Unfranked dividend of 10c cents per share	103,086

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments

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

Environmental regulation

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

Meetings of directors

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

	Board	
	Eligible	Attended
Nicholas John Roberts	13	13
Colin Stanley Forsyth	13	13
Wilfred John Schubert	13	12
Bruce Blackwood Ranken	13	13
Matt Neil Forsyth	13	9
Martyn George Baker	13	9
Shane Anthony Pope	13	7
Philip Joseph Fitzpatrick	5	5
Charles Adam Smitheram	5	5
Danielle Simone Force	-	-

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 23 to the financial statements.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Nicholas John Roberts	20,001	-	20,001
Colin Stanley Forsyth	2,000	(2,000)	-
Wilfred John Schubert	-	-	-
Bruce Blackwood Ranken	-	-	-
Matt Neil Forsyth	-	2,000	2,000
Martyn George Baker	22,000	-	22,000
Shane Anthony Pope	-	-	-
Philip Joseph Fitzpatrick	-	22,390	22,390
Danielle Simone Force	-	-	-
Charles Adam Smitheram	-	-	-

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

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

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

Auditor's independence declaration

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

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

On behalf of the directors

Nicholas John Roberts
Chairman

27 September 2023

Auditor's independence declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Mount Martha Community Enterprises Ltd

As lead auditor for the audit of Mount Martha Community Enterprises Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,698,997	953,568
Other revenue		6,500	7,813
Finance revenue		2,782	1
Gain/(loss) on disposal of assets		17,990	(5,790)
Total revenue		1,726,269	955,592
Employee benefits expense	7	(539,158)	(437,484)
Advertising and marketing costs		(40,793)	(34,304)
Occupancy and associated costs		(19,675)	(15,919)
System costs		(26,241)	(29,474)
Depreciation and amortisation expense	7	(106,365)	(110,638)
Finance costs	7	(15,249)	(16,412)
General administration expenses		(102,792)	(97,013)
Total expenses before community contributions and income tax expense		**(850,273)**	**(741,244)**
Profit before community contributions and income tax expense		**875,996**	**214,348**
Charitable donations, sponsorships and grants expense	7	(416,400)	(78,789)
Profit before income tax expense		**459,596**	**135,559**
Income tax expense	8	(120,559)	(39,583)
Profit after income tax expense for the year	**18**	**339,037**	**95,976**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**339,037**	**95,976**
		Cents	Cents
Basic earnings per share	26	32.89	9.31
Diluted earnings per share	26	32.89	9.31

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

Statement of financial position
as at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	776,505	298,078
Trade and other receivables	10	157,285	118,879
Total current assets		**933,790**	**416,957**
Non-current assets			
Property, plant and equipment	11	143,570	161,292
Right-of-use assets	12	336,037	404,371
Intangible assets	13	55,531	88,048
Deferred tax assets	8	25,808	73,515
Total non-current assets		**560,946**	**727,226**
Total assets		**1,494,736**	**1,144,183**
Liabilities			
Current liabilities			
Trade and other payables	14	143,849	63,139
Lease liabilities	15	39,836	46,039
Current tax liabilities	8	72,852	-
Employee benefits	16	53,248	40,319
Total current liabilities		**309,785**	**149,497**
Non-current liabilities			
Trade and other payables	14	14,158	28,316
Lease liabilities	15	323,741	383,203
Employee benefits	16	5,808	19,513
Lease make good provision		11,610	11,206
Total non-current liabilities		**355,317**	**442,238**
Total liabilities		**665,102**	**591,735**
Net assets		**829,634**	**552,448**
Equity			
Issued capital	17	1,002,892	1,002,892
Accumulated losses	18	(173,258)	(450,444)
Total equity		**829,634**	**552,448**

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

Statement of changes in equity
for the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		1,002,892	(505,186)	497,706
Profit after income tax expense		-	95,976	95,976
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**95,976**	**95,976**
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(41,234)	(41,234)
Balance at 30 June 2022		**1,002,892**	**(450,444)**	**552,448**
Balance at 1 July 2022		1,002,892	(450,444)	552,448
Profit after income tax expense		-	339,037	339,037
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**339,037**	**339,037**
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(61,851)	(61,851)
Balance at 30 June 2023		**1,002,892**	**(173,258)**	**829,634**

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

Statement of cash flows
for the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,857,833	1,030,450
Payments to suppliers and employees (inclusive of GST)		(1,257,153)	(773,581)
Interest received		2,782	1
Net cash provided by operating activities	**25**	**603,462**	**256,870**
Cash flows from investing activities			
Payments for property, plant and equipment		(5,666)	(3,675)
Payments for intangible assets		(12,871)	(12,871)
Proceeds from disposal of right-of-use asset		35,864	-
Net cash provided by/(used in) investing activities		**17,327**	**(16,546)**
Cash flows from financing activities			
Dividends paid	20	(61,851)	(41,234)
Repayment of lease liabilities	15	(80,511)	(59,163)
Net cash used in financing activities		**(142,362)**	**(100,397)**
Net increase in cash and cash equivalents		478,427	139,927
Cash and cash equivalents at the beginning of the financial year		298,078	158,151
Cash and cash equivalents at the end of the financial year	**9**	**776,505**	**298,078**

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

Notes to the financial statements

For the year ended 30 June 2023

Note 1. Reporting entity

The financial statements cover Mount Martha Community Enterprises Ltd (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office	Principal place of business
74 Dandenong Road West, Frankston VIC 3199	Shop 6, 34-38 Lochiel Avenue, Mount Martha VIC 3934

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 3. Significant accounting policies (continued)

Impairment

Non-derivative financial assets

Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end. Due to the reliance on Bendigo Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2023.

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

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

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in April 2026.

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.

Note 5. Economic dependency (continued)

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

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

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,480,679	779,621
Fee income	52,117	48,292
Commission income	166,201	125,655
	1,698,997	**953,568**

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

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

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

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

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

Revenue calculation

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

Note 6. Revenue from contracts with customers (continued)

Margin income

Margin on core banking products is arrived at through the following calculation:

	Interest paid by customers on loans less interest paid to customers on deposits
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

Commission income

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

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

Fee income

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

Core banking products

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

Ability to change financial return

Under the franchise agreement, Bendigo Bank may change the form and amount of financial return the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo Bank earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service.

Bendigo Bank must not reduce the margin and commission the company receives on core banking products and services to less than 50% (on an aggregate basis) of Bendigo Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo Bank may make.

Note 7. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	458,534	368,928
Non-cash benefits	6,255	3,014
Superannuation contributions	46,695	36,404
Expenses related to long service leave	(331)	8,172
Other expenses	28,005	20,966
	539,158	**437,484**

Note 7. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	20,440	23,583
Plant and equipment	2,014	1,492
	22,454	**25,075**
Depreciation of right-of-use assets		
Leased land and buildings	46,350	45,720
Leased motor vehicles	5,044	7,328
	51,394	**53,048**
Amortisation of intangible assets		
Franchise fee	2,115	2,114
Franchise renewal process fee	10,573	10,573
Redomicile fee	19,829	19,828
	32,517	**32,515**
	106,365	**110,638**

Finance costs

	2023 $	2022 $
Lease interest expense	14,846	16,215
Unwinding of make-good provision	403	197
	15,249	**16,412**

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	**10,019**	**13,194**

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

Charitable donations, sponsorships and grants

	2023 $	2022 $
Direct donation, sponsorship and grant payments	**416,400**	**78,789**

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

Note 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	72,853	-
Movement in deferred tax	(3,090)	(5,311)
Recoupment of prior year tax losses	50,796	44,894
Aggregate income tax expense	**120,559**	**39,583**
Prima facie income tax reconciliation		
Profit before income tax expense	**459,596**	**135,559**
Tax at the statutory tax rate of 25%	114,899	33,890
Tax effect of:		
Non-deductible expenses	5,660	5,693
Income tax expense	**120,559**	**39,583**

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Employee benefits	14,764	14,958
Lease liabilities	90,894	100,135
Provision for lease make good	2,903	2,802
Accrued expenses	1,257	421
Right-of-use assets	(84,010)	(95,597)
Carried-forward tax losses	-	50,796
Deferred tax asset	**25,808**	**73,515**

	2023 $	2022 $
Provision for income tax	**72,852**	**-**

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

Note 8. Income tax (continued)

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

Note 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	224,894	172,917
Term deposits	551,611	125,161
	776,505	**298,078**

Accounting policy for cash and cash equivalents

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

Note 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	**141,990**	**102,851**
Other receivables and accruals	10,000	10,000
Prepayments	5,295	6,028
	15,295	**16,028**
	157,285	**118,879**

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	191,643	191,643
Less: Accumulated depreciation	(58,744)	(38,304)
	132,899	**153,339**
Plant and equipment - at cost	33,548	31,730
Less: Accumulated depreciation	(22,877)	(23,777)
	10,671	**7,953**
	143,570	**161,292**

Note 11. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2021	176,922	11,558	188,480
Additions	-	5,266	5,266
Disposals	-	(7,379)	(7,379)
Depreciation	(23,583)	(1,492)	(25,075)
Balance at 30 June 2022	**153,339**	**7,953**	**161,292**
Additions	-	5,666	5,666
Disposals	-	(934)	(934)
Depreciation	(20,440)	(2,014)	(22,454)
Balance at 30 June 2023	**132,899**	**10,671**	**143,570**

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	7.5 years
Plant and equipment	2.5 to 7.5 years

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

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

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

Changes in estimates

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

Note 12. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	461,927	461,927
Less: Accumulated depreciation	(125,890)	(79,540)
	336,037	**382,387**
Motor vehicles - right-of-use	-	44,911
Less: Accumulated depreciation	-	(22,927)
	-	**21,984**
	336,037	**404,371**

Note 12. Right-of-use assets (continued)

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

	Land and buildings $	Motor vehicles $	Total $
Balance at 1 July 2021	417,098	29,312	446,410
Remeasurement adjustments	11,009	-	11,009
Depreciation expense	(45,720)	(7,328)	(53,048)
Balance at 30 June 2022	**382,387**	**21,984**	**404,371**
Disposals	-	(16,940)	(16,940)
Depreciation expense	(46,350)	(5,044)	(51,394)
Balance at 30 June 2023	**336,037**	**-**	**336,037**

Disposals

During the financial year the company disposed of its motor vehicle.

Accounting policy for right-of-use assets

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

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

Refer to note 15 for more information on lease arrangements.

Note 13. Intangible assets

	2023 $	2022 $
Redomicile fee	126,353	126,353
Less: Accumulated amortisation	(106,525)	(86,696)
	19,828	**39,657**
Franchise fee	31,870	31,870
Less: Accumulated amortisation	(27,886)	(25,771)
	3,984	**6,099**
Franchise renewal fee	109,349	109,349
Less: Accumulated amortisation	(77,630)	(67,057)
	31,719	**42,292**
	55,531	**88,048**

Note 13. Intangible assets (continued)

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

	Redomicile fee $	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	59,485	8,213	52,865	120,563
Amortisation expense	(19,828)	(2,114)	(10,573)	(32,515)
Balance at 30 June 2022	**39,657**	**6,099**	**42,292**	**88,048**
Amortisation expense	(19,829)	(2,115)	(10,573)	(32,517)
Balance at 30 June 2023	**19,828**	**3,984**	**31,719**	**55,531**

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid and domiciled customer accounts purchased (redomicile fee) by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

The estimated useful life and amortisation method for the current and comparative periods are as follows:

Asset class	Method	Useful life	Expiry/renewal date
Redomicile fee	Straight-line	4 years	June 2024
Franchise fee	Straight-line	Over the franchise term (5 years)	April 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	April 2026

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

Change in estimates

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

Note 14. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	3,066	5,885
Other payables and accruals	140,783	57,254
	143,849	**63,139**
Non-current liabilities		
Other payables and accruals	**14,158**	**28,316**

Accounting policy for trade and other payables

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

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

Note 15. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	52,069	50,552
Unexpired interest	(12,233)	(13,588)
Motor vehicle lease liabilities	-	10,083
Unexpired interest	-	(1,008)
	39,836	**46,039**
Non-current liabilities		
Land and buildings lease liabilities	362,565	414,634
Unexpired interest	(38,824)	(51,058)
Motor vehicle lease liabilities	-	20,041
Unexpired interest	-	(414)
	323,741	**383,203**

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	429,242	472,190
Lease interest expense	14,846	16,215
Lease payments - total cash outflow	(80,511)	(59,163)
	363,577	**429,242**

Maturity analysis

	2023 $	2022 $
Not later than 12 months	52,069	60,635
Between 12 months and 5 years	224,372	237,878
Greater than 5 years	138,193	196,797
	414,634	**495,310**

During the financial year the company paid out its chattel mortgage for the 2020 Toyota Rav4.

Accounting policy for lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

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

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

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

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

Note 15. Lease liabilities (continued)

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

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The company's lease portfolio includes:

Lease	Incremental borrowing rate used to discount lease liability	Non-cancellable term	Renewal options	Reasonably certain to exercise options	Lease term end date used in lease liability calculations
Mount Martha Branch	3.54%	10 years	3 x 5 years	No	September 2030

Note 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	34,526	34,971
Long service leave	18,722	5,348
	53,248	**40,319**
Non-current liabilities		
Long service leave	**5,808**	**19,513**

Accounting policy for employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Superannuation contributions

Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

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

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

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	1,030,855	1,030,855	1,030,855	1,030,855
Less: Equity raising costs	-	-	(27,963)	(27,963)
	1,030,855	**1,030,855**	**1,002,892**	**1,002,892**

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 274. As at the date of this report, the company had 290 shareholders (2022: 294 shareholders).

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and their associates) has a prohibited shareholding interest in are suspended.

Note 17. Issued capital (continued)

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 18. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(450,444)	(505,186)
Profit after income tax expense for the year	339,037	95,976
Dividends paid (note 20)	(61,851)	(41,234)
Accumulated losses at the end of the financial year	**(173,258)**	**(450,444)**

Note 19. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 20. Dividends

Dividends provided for and paid during the period

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

	2023 $	2022 $
Unfranked dividend of 6 cents per share (2022: 4 cents)	**61,851**	**41,234**

Dividends proposed but not recognised at balance date

Since the end of the financial year, the board of directors has proposed to pay an unfranked dividend of 10 cents per share. The financial impact of the dividend, amounting to $103,086, has not been recognised in the financial statements for the financial year ended 30 June 2023, and will be recognised in the subsequent financial statements.

Note 20. Dividends (continued)

	2023 $
Unfranked dividend of 10 cents per share	**103,086**

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 21. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	151,990	112,851
Cash and cash equivalents	776,505	298,078
	928,495	**410,929**
Financial liabilities		
Trade and other payables	158,007	91,455
Lease liabilities	363,577	429,242
	521,584	**520,697**

Accounting policy for financial instruments

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

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

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

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

Financial risk management

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earning on those are subject to movements in market interest rate. The company held cash and cash equivalents of $776,505 at 30 June 2023 (2022: $298,078).

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Note 21. Financial instruments (continued)

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2023				
Trade and other payables	143,849	14,158	-	158,007
Lease liabilities	52,069	224,372	138,193	414,634
Total non-derivatives	**195,918**	**238,530**	**138,193**	**572,641**

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2022				
Trade and other payables	63,139	28,316	-	91,455
Lease liabilities	60,635	237,878	196,797	495,310
Total non-derivatives	**123,774**	**266,194**	**196,797**	**586,765**

Note 22. Key management personnel disclosures

The following persons were directors of Mount Martha Community Enterprises Ltd during the financial year:

Nicholas John Roberts	Martyn George Baker
Colin Stanley Forsyth	Shane Anthony Pope
Wilfred John Schubert	Philip Joseph Fitzpatrick
Bruce Blackwood Ranken	Charles Adam Smitheram
Matt Neil Forsyth	Danielle Simone Force

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

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

Note 23. Related party transactions

The following transactions occurred with related parties:

	2023 $	2022 $
Expense allowances paid to directors.	8,900	8,300

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

Note 24. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	**5,400**	**5,200**
Other services		
General advisory services	3,200	2,920
Share registry services	4,197	4,246
	7,397	**7,166**
	12,797	**12,366**

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

	2023 $	2022 $
Profit after income tax expense for the year	339,037	95,976
Adjustments for:		
Depreciation and amortisation	88,375	110,638
Net loss on disposal of non-current assets	-	5,790
Lease liabilities interest	14,846	16,215
Change in operating assets and liabilities:		
Increase in trade and other receivables	(38,406)	(26,168)
Decrease in deferred tax assets	47,707	39,584
Increase in trade and other payables	79,423	4,279
Increase in provision for income tax	72,852	-
Increase/(decrease) in employee benefits	(776)	10,359
Increase in other provisions	404	197
Net cash provided by operating activities	**603,462**	**256,870**

Note 26. Earnings per share

	2023 $	2022 $
Profit after income tax	**339,037**	**95,976**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,030,855	1,030,855
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,030,855**	**1,030,855**

	Cents	Cents
Basic earnings per share	32.89	9.31
Diluted earnings per share	32.89	9.31

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Mount Martha Community Enterprises Ltd, by the weighted average number of ordinary shares outstanding during the financial year.

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

Apart from the dividend declared as disclosed in note 20, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' declaration

For the financial year ended 30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Nicholas John Roberts
Chairman

27 September 2023

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Independent auditor's report to the Directors of Mount Martha Community Enterprises Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mount Martha Community Enterprises Ltd (the company), which comprises:

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

In our opinion, the accompanying financial report of Mount Martha Community Enterprises Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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Bendigo Bank

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