Annual Report 2023

Adelaide Plains Financial Services Ltd

Community Bank
Virginia & Districts and Elizabeth

ABN 50 088 304 581

Contents

Chairman’s report

For year ending 30 June 2023

I extend my gratitude for your continued support of Adelaide Plains Financial Services Ltd (“Company”).

I am delighted to report a substantial improvement in our financial performance for the year ending 30 June 2023. Our net profit before tax reached $740,833, representing significant growth compared to the previous year. Additionally, we have substantially increased our community contributions by $145,067 and enhanced shareholder returns by 380%, now standing at 6 cents per share.

The challenges posed by a low-rate environment and the global pandemic are behind us. Throughout this period, we maintained stringent capital discipline ensuring long-term stability and delivering returns to our valued shareholders.

The evolving lending market, driven by rising interest rates and competitive dynamics, prompted us to take proactive measures. We realigned our focus to enhance customer retention, expand our customer base, and cultivate an improved workplace environment.

Our initiatives included a comprehensive marketing strategy, enabling us to engage both potential and existing customers. This allowed us to effectively communicate our product offerings, analyse financial arrangements, and provide recommendations for enhancing our customers’ financial well-being.

Recognising the cost of living pressures faced by many Australians, our marketing efforts also aimed to assess our customers’ financial arrangements and suggest improvements.

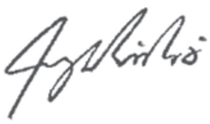
In the pursuit of maintaining a high standard of service, we adjusted our branch opening hours to 9.30am, affording our staff and management essential training and development time outside operational hours. This change not only enhances our team’s technical competence but also contributes to a more efficient and professional service.

Furthermore, we engaged an independent organisation to evaluate our internal policies and procedures, ensuring a safe, healthy, efficient, and effective workplace. This process has led to various improvements across the business, as we continue our commitment to the betterment of the business.

The Board is confident that our strategic actions will lead to sustained improvements in performance, financial stability, and increased shareholder returns. These actions are executed while staying true to our core principles and considering all stakeholders critical to our success.

As we approach our 25th year of operations in 2024, we remain deeply appreciative of our shareholders, dedicated staff, and the supportive community that underpins our achievements.

Once again, I express my heartfelt thanks for your unwavering support, and we look forward in sharing further updates in the future.



Terance Lioulios
Chairman

Manager’s report

For year ending 30 June 2023

On the back of an 18-month period where our business was impacted by the never-before-seen Covid-19 Pandemic, all businesses were dealing with a new set of economic factors which has now had a flow on effect with the Reserve Bank increasing the cash rate on 10 occasions throughout this financial year to 3.25%. This has had a major impact on our business in a positive way and has had the same effect on our deposit customers but not so positive for our lending customers, especially those on a variable rate.

Eventually this impact may also be felt by customers who are currently on extremely low fixed rates which are about to expire . With the added pressures of increased costs of living, there may be incredibly challenging times ahead.

This environment drove an incredibly challenging and competitive market with interest rate discounts and cash back offers being offered to attract new customers. The overall effect on our business was that we achieved neutral growth for the 2022/23 financial year. Many customers moved money, refinanced loans and sold their investment properties. What this also meant for our business was improved margins which generated a higher level of revenue. This combined with the proficient management of expenses, allowed us to achieve a better than budgeted Net Profit.

With our strategy of delivering on our point of difference in conjunction with a strong focus on our customers and consolidating on our current team environment, we achieved a very pleasing Net Profit before Tax of $740,833, a result which was $150,000 better than budgeted.

This is a great overall result, which takes into account a further investment of $100,000 into our Community Enterprise Foundation™ (CEF) account, money earmarked for future community projects. This result has only been able to be achieved from the hard work and great working relationship between the Board of Directors, Management and Staff.

Overall, our business is in an extremely healthy position with our cash reserves adding a good layer of protection for our business and its future.

Looking to the future, during the next financial year we will be looking to invest money back into our business and complete extensive renovations and improvements to both branches. This will modernise our look and set us up for the next 10 – 20 years. We will also look to support the local community to an even greater level.

Once again, I would like to thank the Board of Directors, Management and our Staff for a great team effort throughout this financial year, and thank our Shareholders, and Customers for supporting us throughout 2022/23 and into the future.

Alf Sobczak
Community Company Manager

Community Bank National Council report

For year ending 30 June 2023

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

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

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

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

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

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

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

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

Warm regards

Sarah Franklyn
CBNC Chair

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:

Terance Michael Lioulios

Title:	Non-executive director
Experience and expertise:	Terance is experienced in the accounting industry, specialising in Australian Taxation, Business Advisory, Payroll and Self-Managed Superannuation. He has an ongoing involvement in his family's market gardening business, located in Virginia. Terance is a member of the Institute of Chartered Accountants Australia and New Zealand, a member of the Association of Chartered Certified Accountants and a Fellow of The Tax Institute of Australia. Aside from his professional career, Terance plays football for and actively supports the Virginia Football Club.
Special responsibilities:	Chairman

Dino Musolino

Title:	Non-executive director
Experience and expertise:	Dino is a local businessman/owner operator, director of six private companies involved in the horticultural industry and board member of Italian Radio Uno Adelaide. Dino holds an Advanced Diploma in Horticulture. He was elected member of Playford Local Government for the past 20 years and is the Chair of Hortex Alliance.
Special responsibilities:	Human Resources Committee, and Marketing & Community Investment Committee

Dimitri Kalkanis

Title:	Non-executive director
Experience and expertise:	Bachelor of Commerce (Accounting), Bachelor of Applied Finance, Graduate Diploma of Chartered Accounting. Dimitri has experience in the accounting industry, specialising in business advisory, Australian taxation and Self-Managed Super Funds. He is a member of the Institute of Chartered Accountants Australia and New Zealand and is a Fellow of the Tax Institute of Australia.
Special responsibilities:	Treasurer, Share Registry Committee and Audit & Finance Committee

Frances Marcoionni

Title:	Non-executive director
Experience and expertise:	Frances lives and has been actively involved in the Virginia community for 40 years. She has over 20 years of experience in Retail industry. Frances has managed her own florist business for over 10 years and is still currently working in the florist industry. She also co-manages the family horticultural business.
Special responsibilities:	Marketing & Community Investment Committee

Konstantina Maria Angelidakis

Title:	Non-executive director (appointed 28 November 2022)
Experience and expertise:	Bachelor of Commerce (Accounting & Corporate Finance) & Graduate Diploma of Chartered Accounting. Konstantina has four years of expertise in accounting, specialising in Australian Taxation. She is an affiliate member of the Tax Institute of Australia and a member of Chartered Accountants Australia and New Zealand. Before starting her professional career, Konstantina worked for her family's market gardening business in Virginia. Konstantina is also an active member of the Greek community, having held the role of Treasurer for The Cretan Association of South Australia for three years and Public Relations for The Cretan Youth of Australia and New Zealand for four years.
Special responsibilities:	Secretary from 1 February 2023, Share Registry Committee

Bradley David Quiney

Title:	Non-executive director (appointed 28 November 2022)
Experience and expertise:	Bachelor of Commerce (Accounting), Graduate Diploma of Chartered Accounting. Has experience in the Accounting Industry, specialising in Business Advisory and Taxation. Bradley is a member of the institute of Chartered Accountants Australia and New Zealand and is a fellow of the Tax Institute of Australia.
Special responsibilities:	Audit & Finance, Marketing and Investment

Eleftherios (Terry) Sakoulidis

Title:	Non-executive director (appointed 26 June 2023)
Experience and expertise:	Terry is an experienced lawyer having previously worked at the Australian Securities and Investments Commission where he specialised in small business, compliance and enforcement. Prior to entering the legal profession, he worked for a number of years in his family's market gardening business, located in Virginia. Terry is a member of the Law Society of South Australia and a Committee Member of the South Australian chapter of the Hellenic Australian Lawyers Association. Aside from his professional career, Terry is a former player and active supporter of the Virginia United Soccer Club and Virginia Rams Football Club.
Special responsibilities:	Deputy Secretary

Company secretary

There have been two company secretaries holding the position during the financial year:

- Konstantina Maria Angelidakis was appointed company secretary on 1 February 2023.
- Dimitri Kalkanis was appointed as company secretary on 3 December 2021 and ceased on 30 June 2023.

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 $555,575 (30 June 2022: $16,638).

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.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments

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

Environmental regulation

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

Meetings of directors

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

	Board		Audit Committee		HR & Governance Committee		Marketing & Investment Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Terance Michael Lioulios	12	12	2	2	6	6	-	-
Dino Musolino	12	9	1	1	6	4	1	1
Dimitri Kalkanis	12	11	2	2	6	4	-	-
Frances Marcoionni	12	10	-	-	-	-	1	1
Bradley David Quiney	7	5	1	1	-	-	-	-
Konstantina Maria Angelidakis	7	6	-	-	-	-	-	-
Eleftherios (Terry) Sakoulidis	1	1	-	-	-	-	-	-

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. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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
Terance Michael Lioulios	-	2,250	2,250
Dino Musolino	45,000	-	45,000
Dimitri Kalkanis	-	-	-
Frances Marcoionni	4,500	-	4,500
Bradley David Quiney	-	-	-
Konstantina Maria Angelidakis	-	-	-
Eleftherios (Terry) Sakoulidis	-	-	-

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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 25 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:

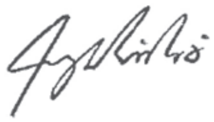
- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional 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



Terance Michael Lioulios
Chairman

26 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 Adelaide Plains Financial Services Ltd

As lead auditor for the audit of Adelaide Plains Financial Services 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: 26 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	2,174,847	1,128,176
Other revenue	7	88,508	155,281
Finance revenue		19,170	1,679
Total revenue		**2,282,525**	**1,285,136**
Employee benefits expense	8	(905,696)	(811,858)
Advertising and marketing costs		(1,534)	(1,005)
Occupancy and associated costs		(55,383)	(51,008)
System costs		(34,223)	(36,334)
Depreciation and amortisation expense	8	(113,774)	(108,807)
Finance costs	8	(52,569)	(55,201)
General administration expenses		(160,883)	(142,641)
Legal expenses	8	(58,529)	(41,892)
Total expenses before community contributions and income tax expense		(1,382,591)	(1,248,746)
Profit before community contributions and income tax expense		**899,934**	**36,390**
Charitable donations, sponsorship and grants expense	8	(159,101)	(14,034)
Profit before income tax expense		**740,833**	**22,356**
Income tax expense	9	(185,258)	(5,718)
Profit after income tax expense for the year	**19**	**555,575**	**16,638**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**555,575**	**16,638**
		Cents	Cents
Basic earnings per share	27	28.27	0.85
Diluted earnings per share	27	28.27	0.85

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	10	1,513,925	920,215
Trade and other receivables	11	225,052	196,877
Total current assets		**1,738,977**	**1,117,092**
Non-current assets			
Property, plant and equipment	12	141,481	155,750
Right-of-use assets	13	858,700	639,095
Intangible assets	14	29,340	55,709
Deferred tax assets	9	166,547	172,554
Total non-current assets		**1,196,068**	**1,023,108**
Total assets		**2,935,045**	**2,140,200**
Liabilities			
Current liabilities			
Trade and other payables	15	141,233	119,971
Lease liabilities	16	57,213	83,545
Current tax liabilities	9	175,387	4,426
Employee benefits	17	189,198	200,042
Total current liabilities		**563,031**	**407,984**
Non-current liabilities			
Trade and other payables	15	-	31,888
Lease liabilities	16	1,246,573	1,015,896
Employee benefits	17	13,877	7,770
Lease make good provision		9,123	11,895
Total non-current liabilities		**1,269,573**	**1,067,449**
Total liabilities		**1,832,604**	**1,475,433**
Net assets		**1,102,441**	**664,767**
Equity			
Issued capital	18	628,458	628,458
Retained earnings	19	473,983	36,309
Total equity		**1,102,441**	**664,767**

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 $	Retained earnings $	Total equity $
Balance at 1 July 2021		628,458	44,234	672,692
Profit after income tax expense		-	16,638	16,638
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**16,638**	**16,638**
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(24,563)	(24,563)
Balance at 30 June 2022		**628,458**	**36,309**	**664,767**
Balance at 1 July 2022		628,458	36,309	664,767
Profit after income tax expense		-	555,575	555,575
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**555,575**	**555,575**
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(117,901)	(117,901)
Balance at 30 June 2023		**628,458**	**473,983**	**1,102,441**

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)		2,409,557	1,369,379
Payments to suppliers and employees (inclusive of GST)		(1,528,744)	(1,271,158)
Interest received		11,814	2,025
Income taxes refunded/(paid)		(8,290)	2,560
Net cash provided by operating activities	**26**	**884,337**	**102,806**
Cash flows from investing activities			
Payments for property, plant and equipment	12	(4,380)	-
Payments for intangible assets		(28,989)	(28,989)
Net cash used in investing activities		**(33,369)**	**(28,989)**
Cash flows from financing activities			
Dividends paid	21	(117,901)	(24,563)
Repayment of lease liabilities	16	(139,357)	(128,765)
Net cash used in financing activities		**(257,258)**	**(153,328)**
Net increase/(decrease) in cash and cash equivalents		593,710	(79,511)
Cash and cash equivalents at the beginning of the financial year		920,215	999,726
Cash and cash equivalents at the end of the financial year	**10**	**1,513,925**	**920,215**

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 Adelaide Plains Financial Services 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 Shop 7/Old Port Wakefield Road, Virginia SA 5120.

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 26 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Note 3. Significant accounting policies (continued)

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

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in July 2024.

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

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

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

The credit risk (i.e. the risk that a customer will not make repayments) is for the 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.

Note 5. Economic dependency (continued)

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- 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	1,985,567	928,117
Fee income	110,199	110,814
Commission income	79,081	89,245
	2,174,847	**1,128,176**

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

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

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

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

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

Revenue calculation

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

Margin income

Margin on core banking product 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.

Note 6. Revenue from contracts with customers (continued)

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. Other revenue

	2023 $	2022 $
Market development fund	40,000	50,000
Insurance recoveries	48,508	105,281
	88,508	**155,281**

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Insurance recoveries	Insurance income is recognised when its becomes virtually certain of being received (e.g the insurer has confirmed claim payment).

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

Note 7. Other revenue (continued)

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

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

Note 8. Expenses

Legal expenses

	2023 $	2022 $
Legal expenses	**58,529**	**41,892**

This financial year the company has engaged the services of Norman Waterhouse Lawyers to assist with multiple staffing matters and WorkCover claims. This has resulted in increased expenditure in this space for the period.

Employee benefits expense

	2023 $	2022 $
Wages and salaries	812,601	717,213
Superannuation contributions	81,766	71,287
Expenses related to long service leave	(24,131)	(7,070)
Other expenses	35,460	30,428
	905,696	**811,858**

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	16,117	16,117
Plant and equipment	2,532	1,681
Furniture and fittings	-	469
	18,649	**18,267**
Depreciation of right-of-use assets		
Leased land and buildings	**68,756**	**64,173**
Amortisation of intangible assets		
Franchise fee	4,395	4,395
Franchise renewal fee	21,974	21,972
	26,369	**26,367**
	113,774	**108,807**

Note 8. Expenses (continued)

Finance costs

	2023 $	2022 $
Lease interest expense	51,987	54,646
Unwinding of make-good provision	582	555
	52,569	**55,201**

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	**9,924**	**11,858**

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 expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	59,101	14,034
Contribution to the Community Enterprise Foundation™	100,000	-
	159,101	**14,034**

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

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

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	179,251	16,132
Movement in deferred tax	6,007	(2,496)
Future income tax benefit attributable to losses	-	(7,918)
Aggregate income tax expense	**185,258**	**5,718**
Prima facie income tax reconciliation		
Profit before income tax expense	**740,833**	**22,356**
Tax at the statutory tax rate of 25%	185,208	5,589
Tax effect of:		
Non-deductible expenses	50	129
Income tax expense	**185,258**	**5,718**

Note 9. Income tax (continued)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	2,962	1,138
Employee benefits	50,769	51,953
Provision for lease make good	2,281	2,974
Accrued expenses	1,124	1,425
Income accruals	(1,861)	(22)
Lease liabilities	325,947	274,860
Right-of-use assets	(214,675)	(159,774)
Deferred tax asset	**166,547**	**172,554**

	2023 $	2022 $
Provision for income tax	**175,387**	**4,426**

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.

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 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	351,780	149,883
Term deposits	1,162,145	770,332
	1,513,925	**920,215**

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 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	**200,254**	**125,197**
Other receivables and accruals	-	64,529
Accrued income	7,445	89
Prepayments	17,353	7,062
	24,798	**71,680**
	225,052	**196,877**

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 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	357,640	357,640
Less: Accumulated depreciation	(222,566)	(206,449)
	135,074	**151,191**
Plant and equipment - at cost	96,109	91,729
Less: Accumulated depreciation	(90,213)	(87,681)
	5,896	**4,048**
Fixtures and fittings - at cost	23,013	23,013
Less: Accumulated depreciation	(22,502)	(22,502)
	511	**511**
	141,481	**155,750**

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 $	Furniture and fittings $	Total $
Balance at 1 July 2021	167,308	5,729	980	174,017
Depreciation	(16,117)	(1,681)	(469)	(18,267)
Balance at 30 June 2022	**151,191**	**4,048**	**511**	**155,750**
Additions	-	4,380	-	4,380
Depreciation	(16,117)	(2,532)	-	(18,649)
Balance at 30 June 2023	**135,074**	**5,896**	**511**	**141,481**

Accounting policy for property, plant and equipment

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

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

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

Note 12. Property, plant and equipment (continued)

Leasehold improvements	15 to 17 years
Plant and equipment	2 to 20 years
Furniture, fixtures and fittings	5 to 10 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 13. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	1,983,029	1,694,667
Less: Accumulated depreciation	(1,124,329)	(1,055,572)
	858,700	**639,095**

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

	Land and buildings $
Balance at 1 July 2021	683,770
Remeasurement adjustments	19,498
Depreciation expense	(64,173)
Balance at 30 June 2022	**639,095**
Remeasurement adjustments	288,361
Depreciation expense	(68,756)
Balance at 30 June 2023	**858,700**

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 16 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	130,112	130,112
Less: Accumulated amortisation	(125,428)	(121,033)
	4,684	**9,079**

Note 14. Intangible assets (continued)

	2023 $	2022 $
Franchise renewal fee	187,234	187,234
Less: Accumulated amortisation	(162,578)	(140,604)
	24,656	**46,630**
	29,340	**55,709**

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	13,474	68,602	82,076
Amortisation expense	(4,395)	(21,972)	(26,367)
Balance at 30 June 2022	**9,079**	**46,630**	**55,709**
Amortisation expense	(4,395)	(21,974)	(26,369)
Balance at 30 June 2023	**4,684**	**24,656**	**29,340**

Accounting policy for intangible assets

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

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

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	July 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2024

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 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	10,562	4,737
Other payables and accruals	130,671	115,234
	141,233	**119,971**
Non-current liabilities		
Other payables and accruals	**-**	**31,888**

Note 15. Trade and other payables (continued)

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 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	133,262	134,390
Unexpired interest	(76,049)	(50,845)
	57,213	**83,545**
Non-current liabilities		
Land and buildings lease liabilities	1,765,514	1,357,744
Unexpired interest	(518,941)	(341,848)
	1,246,573	**1,015,896**

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	1,099,441	1,154,062
Remeasurement adjustments	291,715	19,498
Lease interest expense	51,987	54,646
Lease payments - total cash outflow	(139,357)	(128,765)
	1,303,786	**1,099,441**

Maturity analysis

	2023 $	2022 $
Not later than 12 months	133,262	134,390
Between 12 months and 5 years	558,880	537,559
Greater than 5 years	1,206,634	820,185
	1,898,776	**1,492,134**

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

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

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

Note 16. Lease liabilities (continued)

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.

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Virginia Branch	7.25%	6 years	1 x 5 years	Yes	July 2034
Elizabeth Branch	4.79%	6 years	3 x 5 years	Yes	July 2039

The company negotiated a lease extension for the Virginia Branch which extended the non-cancellable term to 6 years, with a 5 year extension option which for AASB 16: Leases purposes they are reasonably certain to exercise. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred using the revised lease term end date of July 2034.

Note 17. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	86,712	67,318
Long service leave	102,486	132,724
	189,198	**200,042**
Non-current liabilities		
Long service leave	**13,877**	**7,770**

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.

Note 17. Employee benefits (continued)

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 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	1,965,025	1,965,025	671,610	671,610
Less: Equity raising costs	-	-	(43,152)	(43,152)
	1,965,025	**1,965,025**	**628,458**	**628,458**

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

Note 18. Issued capital (continued)

- 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 233. As at the date of this report, the company had 251 shareholders (2022: 252 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.

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 19. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	36,309	44,234
Profit after income tax expense for the year	555,575	16,638
Dividends paid (note 21)	(117,901)	(24,563)
Retained earnings at the end of the financial year	**473,983**	**36,309**

Note 20. 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 21. Dividends

Dividends paid during the period

The following dividends were paid to shareholders during the reporting period as presented in the Statement of cash flows.

	2023 $	2022 $
Fully franked interim divided of 2 cents per share (2022: Nil)	39,300	-
Fully franked final dividend of 4 cents per share (2022: 1.25 cents)	78,601	24,563
	117,901	**24,563**

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	219,376	230,125
Franking credits (debits) arising from income taxes paid (refunded)	8,291	(2,561)
Franking debits from the payment of franked distributions	(39,301)	(8,188)
	188,366	**219,376**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	188,366	219,376
Franking credits (debits) that will arise from payment (refund) of income tax	175,387	(11,706)
Franking credits available for future reporting periods	**363,753**	**207,670**

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Note 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	207,699	189,815
Cash and cash equivalents	1,513,925	920,215
	1,721,624	**1,110,030**
Financial liabilities		
Trade and other payables	141,233	151,859
Lease liabilities	1,303,786	1,099,441
	1,445,019	**1,251,300**

Accounting policy for financial instruments

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

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.

Note 22. Financial instruments (continued)

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

Financial risk management

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $1,513,925 at 30 June 2023 (2022: $920,215).

Price risk

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

Credit risk

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

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is 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	141,233	-	-	141,233
Lease liabilities	133,262	558,880	1,206,634	1,898,776
Total non-derivatives	**274,495**	**558,880**	**1,206,634**	**2,040,009**

Note 22. Financial instruments (continued)

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2022				
Trade and other payables	119,971	31,888	-	151,859
Lease liabilities	134,390	537,559	820,185	1,492,134
Total non-derivatives	**254,361**	**569,447**	**820,185**	**1,643,993**

Note 23. Key management personnel disclosures

The following persons were directors of Adelaide Plains Financial Services Ltd during the financial year and/or up to the date of signing of these Financial Statements.

Terance Michael Lioulios
Bradley David Quiney
Dino Musolino
Konstantina Maria Angelidakis
Dimitri Kalkanis
Eleftherios (Terry) Sakoulidis
Frances Marcoionni

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

Compensation

Key management personnel compensation comprised the following.

	2023 $	2022 $
Honorarium payments	**14,040**	**15,360**

Compensation of the company's key management personnel includes board meeting attendance.

Note 24. Related party transactions

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

Note 25. 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	**6,400**	**6,200**
Other services		
Taxation advice and tax compliance services	760	600
General advisory services	4,530	2,900
Share registry services	4,887	3,948
	10,177	**7,448**
	16,577	**13,648**

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	555,575	16,638
Adjustments for:		
Depreciation and amortisation	113,774	108,807
Lease liabilities interest	51,987	54,646
Change in operating assets and liabilities:		
Increase in trade and other receivables	(28,175)	(98,275)
Decrease in income tax refund due	-	6,348
Decrease/(increase) in deferred tax assets	6,007	(2,496)
Increase in trade and other payables	18,363	4,527
Increase in provision for income tax	170,961	4,426
Increase/(decrease) in employee benefits	(4,737)	7,630
Increase in other provisions	582	555
Net cash provided by operating activities	**884,337**	**102,806**

Note 27. Earnings per share

	2023 $	2022 $
Profit after income tax	**555,575**	**16,638**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,965,025	1,965,025
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,965,025**	**1,965,025**

	Cents	Cents
Basic earnings per share	28.27	0.85
Diluted earnings per share	28.27	0.85

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Adelaide Plains Financial Services Ltd, by the weighted average number of ordinary shares outstanding during the financial year.

Note 28. Commitments

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

Note 29. Contingencies

	2023 $	2022 $
Contingent assets at reporting date		
Contingent assets not otherwise provided for or disclosed in the financial statements:	**-**	**20,000**

Contingent assets in the previous financial year related to claims from the company to their WorkCover insurer for reimbursement for wages in the period for which amounts are reasonably estimated but the asset is not virtually certain and therefore the company has not provided for such amount in these financial statements. Actual income of $48,508 was received in the current financial year.

There were no contingent assets or liabilities at the current reporting date.

Note 30. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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

Terance Michael Lioulios
Chairman

26 September 2023

Independent audit report

Andrew Frewin Stewart
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Independent auditor's report to the Directors of Adelaide Plains Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Adelaide Plains Financial Services 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 Adelaide Plains Financial Services 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.

Andrew Frewin Stewart
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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: 26 September 2023

Joshua Griffin
Lead Auditor

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