



Annual Report 2023

Apollo Bay & District
Community Enterprises
Limited

Community Bank
Apollo Bay & District

ABN 79 127 944 923

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We, Community Bank Apollo Bay & District, acknowledge the Traditional Owners and Custodians of the land and waterways of our region.

We recognise their living cultures and ongoing connection to Country, and pay respect to their Elders past, present and emerging.

Front cover image: Amber Nosedo Great Ocean Photography.

Chairman's report

For year ending 30 June 2023

Once again Bendigo and Adelaide Bank has been acknowledged as the most trusted Bank in Australia by Roy Morgan.

We remain the only bank in town and we, Community Bank Apollo Bay & District, are committed to this community. Whilst other banks are closing branches and removing the face-to-face contact with customers, we at Community Bank Apollo Bay & District see an increasing need to maintain this contact and keep our customers happy, with the aim to lessen any anxiety which may arise in the increasing cyber fraud environment which has entered our lives. We will continue to employ local people to service your banking, insurance and loan needs, who can also provide information and advice regarding online banking scams.

This is a promise we will always live up to because you, our shareholders, decided 15 years ago you wanted your own Community Bank.

During this last year we have had our trials in maintaining our doors open five days of the week as we, like most other workplaces, have had our share of COVID but have ensured our policies met the care requirements of staff and the community at large.

We celebrated 15 years service of Joanne Di Cecco, who has been with us since the doors opened.

We would also like to thank Phil Howard who assisted by stepping up as Branch Manager before retiring at the end of the financial year. He has since been replaced by Luke Wilson who has moved to Apollo Bay with his young family.

Finally, I would like to thank all our staff and your Board.

Recent changes to our board have been made with Anna Oesten- Creasey being replaced by Jacinta Tobin.



Ian Richardson
Chairman and Treasurer

Manager's report

For year ending 30 June 2023

"If you want to go quickly, go alone. If you want to go far, go together."

– African Proverb

Here we are, 15 years young and as strong as ever. Community Banking is truly a wonderful thing. It has taken many people coming together to make this happen and many more people choosing us for their banking to ensure ongoing success. To those people, I say thank you.

The financial year ending June 2023 brings with it the retirement of Branch Manager Phil Howard. Phil brought about a level of calm and stability to the branch which had its fair share of challenges through the covid impacted years. On behalf of the staff at the branch I would like to thank Phil for all he did in his time at the Community Bank Apollo Bay & District. All the best in retirement (and on the golf course).

Although post covid has been challenging for lending and deposit growth, we were able to increase our customer base by 4.7% and our total number of accounts held by 15.3%. Moving forward, we are bringing in-house lending back to Apollo Bay. Bronwyn is undertaking Lending Training and Luke brings with him years of Mortgage and Business Lending experience. We hope the focus here will increase our service offering to the community and allow people to sit down with us to discuss their lending needs. As time goes on, we will rely less on Mobile Lenders based in Geelong for mortgage lending.

We have also seen a change in Business Lenders who support our branch with Patrick Snell taking the Senior Business Relationship Manager role and Anna Watson the Business Relationship Manager role both based in Warrnambool.

Other highlights to report:

- Community Bank Apollo Bay & District celebrated 15 years in operation.
- Jo De Cecco celebrated her 15 year anniversary with Community Bank Apollo Bay & District
- Tippy Seemanlarp joined the branch in March as Customer Service Officer
- Luke Wilson joined the branch in June as Branch Manager
- Increased community investment which now stands at \$284,000 since operations commenced.

We can't talk about community banking without mentioning Bendigo Bank's purpose: "to feed into prosperity, not off it". This resonated with me when making the decision to relocate my family and move to Apollo Bay to be the Branch Manager. It's a decision that I have not regretted for one second and I look forward to many years here. Please consider us if you have any banking needs so we can continue to support the community that supports us.

Thank you

Luke Wilson
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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



Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2023



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

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

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

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

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

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

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

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

Warm regards

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

Sarah Franklyn
CBNC Chair

Directors' report

For the financial year ended 30 June 2023

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

Directors

The following persons were Directors of Apollo Bay & District Community Enterprises Limited during or since the end of the financial year up to the date of this report:

Ian Malcolm Richardson Treasurer, Director (Chairman)

Experience and expertise: Ian is a CPA Qualified Accountant (retired). Previously Finance Director of Croda Australia Group.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities: Marketing, Finance and Governance

John McKenzie Director

Experience and expertise: John has visited Apollo Bay for over 50 years and is now able to be involved in the Community on a more regular basis. John has served on the Boards of Medical Research Institutes and as Deputy Chancellor of La Trobe University. He acts as a counsellor and mentor for cancer and transplant patients and is a Life member of the cricket and football clubs for whom he played.

Other current directorships: Ivanhoe Grammar School, The Selby Foundation.

Former directorships in last 3 years:

Special responsibilities: Marketing, Finance and Governance

Julie Harris Director Secretary

Experience and expertise: Julie has an extensive background in mainstream and environmental education, with experiences ranging from teaching in Victorian primary schools and overseas to delivering, developing and managing school programs at Zoos Victoria and managing state-wide school sustainability initiatives as a public servant. Julie has also employed her passion for community education in Cambodia and Laos as an Australian volunteer. Semi-retired, Julie moved permanently to Apollo Bay in January 2019, has been working as a part-time guide at Cape Otway Lightstation and is currently secretary of Southern Otways Sustainable.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities: Marketing, Finance and Governance

Directors' report (continued)

Robert George Hunt Director

Experience and expertise: Rob was the architect of Bendigo Bank's Community Bank® model and Managing Director and CEO of Bendigo and Adelaide Bank 1990-2009. Among his numerous directorships are: Community Sector Enterprises Pty Ltd, Community Sector Banking Pty Ltd, Bendigo Community Telco and Community Telco Australia. He is also Patron-in-Chief of Community Enterprise Foundation and Patron of St Luke's Anglicare.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities:

James Dominic Walters Director

Experience and expertise: James has been involved in many of the community's organisations as a member of the school council and the youth club and brings an awareness of many local issues that impact on our community. James also enjoys connecting with people in the area.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities: Marketing and Sponsorship

Jim Mackenzie Director

Experience and expertise: Jim currently runs his own business providing consulting and auditing services (Human Services Standards, NDIS Practice Standards, Quality management Standards) with a focus on the Health, Community and Disability sectors. He has broad industry experience in senior management roles across Not for Profits to Corporates in Health and Human Services, Information Technology, Mining, Manufacturing, Government, Public safety and Financial Services. He and his wife have owned a property in Skenes Creek since 2008 and moved permanently to Apollo Bay in 2021. Jim is currently a member of the Apollo Bay Chamber of Commerce.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities: Marketing, Finance and Governance

Janine Rose Director

Experience and expertise: I have worked in Finance, Property, Mining, Information Technology and Tourism/ Hospitality Industries. I commenced my career in the IT industry after completing a Bachelor of Applied Science (Computing). My work in this area has included programming, database creation and management process control, systems analysis, project management, systems technical analysis and training/ education. I later qualified in Accounting and Tax to expand my knowledge and enable me to start and run my own small and medium sized businesses. My current business interests include hospitality, tourism, manufacturing and information technology. These businesses include the Great Ocean Road Brewhouse (Apollo Bay), Queenscliff Brewhouse, Otway Estate (Barongarook) and Global Property Analytics. I love sport, music and the outdoors, acting as President of the Geelong Triathlon Club for many years. I'm passionate about the region and tourism and have previously held a position on the Board of Great Ocean Road Tourism.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities: Marketing, Finance and Governance

Directors' report (continued)

Tim Grant Director Director (resigned 31 July 2023)

Experience and expertise: Tim is currently a Business Consultant providing strategic and operational advice to U.S based companies sourcing ex China. He has previously held Senior commercial management roles with Pacific Dunlop, Boral Ltd, Michelin Ltd. This included roles in China, Japan, Taiwan and Singapore. He is currently also the President of Otway Coast Regenerative Farmers and a member of SOLN committee of Management.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities: Marketing, Finance and Governance

Dr. Jacinta M Tobin Director (appointed March 2023)

Experience and expertise: Dr. Jacinta M Tobin has been in medicine for forty years in a variety of clinical research and teaching roles including PhD, and around nutrition and microbiome. The last 25 years has been dedicated to governance and community development with special interest in addressing inequity in First Nations and rural communities. Her most recent major role was as Director of a clinical department in a rural community. In 2021 she did the company directors course in preparation for further directors roles. She has been coming to Apollo Bay since childhood and as a resident since 2021. She is interested in housing, education and health and contribution to inequity in Apollo Bay.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities: Marketing, Finance and Governance

Geoff Schmidt Director

Experience and expertise: Geoff and his partner took the plunge in January 2022 to join the community of Apollo Bay and District and is loving it. Previously, Geoff held senior roles in IT Project Management and IT Strategic Procurement in some of Australia's largest organisations, including Westfarmers, Coles Group and Loyalty Pacific (flybuys). Geoff brings a strong skillset in technology, project and financial management.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities: Marketing, Finance and Governance

Anna Oesten-Creasey Director (resigned March 2023)

Experience and expertise: Anna works for Great Ocean Road Health in Community Partnerships and is Secretary of the Apollo Bay Pre-school Committee. Anna has a legal background and is admitted to practice as a lawyer in Victoria.

Other current directorships:

Former directorships in last 3 years:

Special responsibilities: Marketing, Finance and Governance

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

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

Directors' report (continued)

Directors' meetings

Attendances by each Director during the year were as follows:

| Director | Board meetings | | Marketing meetings | | Finance meetings | |
|--|----------------|----|--------------------|----|------------------|---|
| | A | B | A | B | A | B |
| Ian Malcolm Richardson, Treasurer, Director (Chairman) | 10 | 9 | 10 | 9 | 1 | 1 |
| Anna Oesten- Creasey, Director (resigned March 2023) | 7 | 3 | 7 | 3 | | |
| Julie Harris, Director Secretary | 10 | 10 | 10 | 10 | | |
| Jim Mackenzie, Director | 10 | 8 | 10 | 8 | | |
| James Dominic Walters, Director | 10 | 9 | 10 | 9 | | |
| Robert George Hunt, Director | 10 | 2 | 10 | 2 | | |
| Geoff Schmidt, Director | 10 | 10 | 10 | 10 | 1 | 1 |
| John McKenzie, Director | 10 | 10 | 10 | 10 | | |
| Tim Grant, Director (resigned 31 July 2023) | | 0 | | 0 | | |
| Janine Rose, Director | 10 | 5 | 10 | 5 | | |
| Dr. Jacinta M Tobin, Director (appointed March 2023) | 5 | 4 | 5 | 4 | | |

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Secretary

The company secretary is Julie Harris. Julie was appointed to the role on 4 Nov 2021.

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was \$403,615 (2022, \$188,856)

Dividends

A dividend of \$0.04 has been declared and paid since the start of the financial year.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Directors' report (continued)

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

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

Non-audit services

The Board of Directors are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for Auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed in Note 5 did not compromise the external Auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the Auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*.

Remuneration report

Remuneration benefits and payments

Other than detailed below, 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. 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.

The estimated benefit per Director is as follows:

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| Ian Malcolm Richardson, Treasurer, Director (Chairman) | 6400 | 8200 |
| Anna Oesten- Creasey, Director (Resigned March 2023) | - | - |
| Julie Harris, Director Secretary | 7400 | 3620 |
| Jim Mackenzie, Director | - | - |
| James Dominic Walters, Director | 90 | 90 |
| Geoff Schmidt, Director | 2200 | 3910 |
| Robert George Hunt, Director | - | - |
| John McKenzie, Director | - | - |

Directors' report (continued)

Remuneration report (continued)

| | 2023 \$ | 2022 \$ |
|---|--------------|--------------|
| Tim Grant, Director (Resigned 31 July 2023) | - | - |
| Janine Rose, Director | - | - |
| Jane Baker, Director, Secretary | - | 3910 |
| | 16090 | 15820 |

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

| Name | Balance at 30 June 2022 | Net change in holdings | 2023 |
|--|----------------------------|---------------------------|-------|
| Directors | | | |
| Ian Malcolm Richardson, Treasurer, Director (Chairman) | - | - | - |
| Anna Oesten- Creasey, Director (Resigned March 2023) | - | - | - |
| Jim Mackenzie, Director | - | - | - |
| James Dominic Walters, Director | 1,000 | - | 1,000 |
| John McKenzie, Director | - | - | - |
| Julie Harris, Director Secretary | - | - | - |
| Tim Grant, Director (Resigned 31 July 2023) | - | - | - |
| Janine Rose, Director | - | - | - |
| Robert George Hunt, Director | - | - | - |
| Geoff Schmidt, Director | - | 1,000 | 1,000 |

Loans to key management personnel

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

Signed in accordance with a resolution of the Board of Directors at Apollo Bay on 25th August 2023.



Treasurer, Director (Chairman)

Auditor's independence declaration

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor 4485

17 August 2023

The Directors
Apollo Bay & District Community Enterprises
Limited
PO Box 348
APOLLO BAY VIC 3233

Dear Directors,

To the Directors of Apollo Bay & District Community Enterprises Limited (ABN 79 127 944 923)

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*.

I declare that to the best of my knowledge and belief, during the year ended 30 June 2023 there has been:

- (i) No contraventions of the auditor independence requirements as set out in 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.



Mark Stuart Pressland Wilkinson
Registered Company Auditor 4485
6 Kintyre Crescent
Leopold Victoria 3224

Liability limited by a scheme approved under Professional Standards Legislation.
6 Kintyre Crescent (PO Box 235)
Leopold Vic 3224

Telephone: 0418 772 212
Email: auditvalue@bigpond.com

Financial statements

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

| | Note | 2023 \$ | 2022 \$ |
|---|------|----------------|----------------|
| Revenue | 2 | 883,652 | 550,942 |
| Expenses | | | |
| Employee benefits expense | 3 | (298,714) | (202,255) |
| Depreciation and amortisation | 3 | (30,622) | (21,660) |
| Administration and general costs | | (50,127) | (46,040) |
| Finance costs | 3 | (850) | (31) |
| Bad and doubtful debts expense | 3 | (39) | (5) |
| Occupancy expenses | 3 | (46,525) | (53,911) |
| IT costs | 3 | (15,838) | (16,720) |
| Other expenses | 3 | (42,294) | (21,464) |
| Operating profit / (loss) before charitable donations and sponsorships | | 398,643 | 188,856 |
| Charitable donations and sponsorships | | - | - |
| Profit / (loss) before income tax | | 398,643 | 188,856 |
| Income tax expense / (benefit) | 4 | - | - |
| Profit/(loss) for the year | | 398,643 | 188,856 |
| Other comprehensive income | | 4,972 | - |
| Total comprehensive income for the year | | 403,615 | 188,856 |
| Profit / (loss) attributable to members of the company | | 403,615 | 188,856 |
| Total comprehensive income attributable to members of the company | | 403,615 | 188,856 |
| Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share): | | | |
| - basic earnings per share | | 55.84 | 26.13 |

Financial statements (continued)

Statement of financial position as at 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|--|------|----------------|----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 587,097 | 169,773 |
| Trade and other receivables | 6 | 85,235 | 63,438 |
| Financial assets | 7 | - | - |
| Current tax asset | 4 | - | - |
| Other assets | 8 | 6,767 | - |
| Total current assets | | 679,099 | 233,211 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 156,746 | 70,828 |
| Intangible assets | 10 | 70,217 | 69,968 |
| Deferred tax assets | 4 | - | - |
| Total non-current assets | | 226,963 | 140,796 |
| Total assets | | 906,062 | 374,007 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 161,238 | 98,271 |
| Current tax liability | 4 | - | - |
| Lease liabilities | 12 | 27,590 | - |
| Provisions | 13 | 37,434 | 16,079 |
| Total current liabilities | | 226,262 | 114,350 |
| Non-current liabilities | | | |
| Lease liabilities | 12 | 57,750 | - |
| Provisions | 13 | 200 | 12,510 |
| Deferred tax liability | 4 | - | - |
| Total non-current liabilities | | 57,950 | 12,510 |
| Total liabilities | | 284,212 | 126,860 |
| Net assets | | 621,850 | 247,147 |
| Equity | | | |
| Issued capital | 14 | 696,162 | 696,162 |
| Retained earnings / (Accumulated losses) | 15 | (74,312) | (449,015) |
| Reserves | 16 | - | - |
| Total equity | | 621,850 | 247,147 |

Financial statements (continued)

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

| | Note | Issued capital \$ | Retained earnings \$ | Reserves \$ | Total equity \$ |
|--|------|-------------------------|----------------------------|----------------|-----------------------|
| Balance at 1 July 2021 | | 696,162 | (623,415) | - | 72,747 |
| Profit / (loss) for the year | | - | 188,856 | - | 188,856 |
| Other comprehensive income for the year | | - | - | - | - |
| Total comprehensive income for the year | | - | - | - | - |
| Transactions with owners, in their capacity as owners | | | | | |
| Shares issued during the year | | - | - | - | - |
| Dividends paid or provided | 25 | - | (14,456) | - | (14,456) |
| Balance at 30 June 2022 | | 696,162 | (434,559) | - | 261,603 |
| Balance at 1 July 2022 | | 696,162 | (434,559) | - | 261,603 |
| Profit / (loss) for the year | | - | 188,856 | - | 188,856 |
| Other comprehensive income for the year | | - | 4,972 | - | 4,972 |
| Total comprehensive income for the year | | - | - | - | - |
| <i>Transactions with owners, in their capacity as owners</i> | | | | | |
| Shares issued during the year | | - | - | - | - |
| Dividends paid or provided | 25 | - | (28,912) | - | (28,912) |
| Balance at 30 June 2023 | | 696,162 | (274,615) | - | 421,547 |

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|--|------------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 883,652 | 550,942 |
| Payments to suppliers and employees | | (494,246) | (381,138) |
| Dividends received | | | |
| Interest paid | | (850) | (31) |
| Interest received | | | |
| Income tax paid | | | |
| Net cash provided by / (used in) operating activities | 17b | 388,556 | 169,773 |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | | |
| Payments for intangible assets | | 14,760 | 14,760 |
| Purchase of property, plant and equipment | | 4,375 | 4,375 |
| Purchase of investments | | | |
| Purchase of intangible assets | | | |
| Net cash flows from / (used in) investing activities | | 19,135 | 19,135 |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | | |
| Repayment of borrowings | | | |
| Dividends paid | | (14,456) | (14,456) |
| Net cash provided by / (used in) financing activities | | (14,456) | (14,456) |
| Net increase / (decrease) in cash held | | 393,235 | 174,452 |
| Cash and cash equivalents at beginning of financial year | | 169,773 | (4,679) |
| Cash and cash equivalents at end of financial year | 17a | 563,008 | 169,773 |

Notes to the financial statements

For the year ended 30 June 2023

These financial statements and notes represent those of Apollo Bay & District Community Enterprises Limited.

Apollo Bay & District Community Enterprises Limited ('company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 25th August 2023.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

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

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

- Advice and assistance in relation to the design, layout and fit out of the CommunityBank® branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

(b) Income tax

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(b) Income tax (continued)

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

(c) Fair value of assets and liabilities

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

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

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

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

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

(d) Property, plant and equipment

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

Property

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

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

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

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(d) Property, plant and equipment (continued)

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

Depreciation

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

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

| Class of asset | Rate | Method |
|------------------------|--------|---------|
| Buildings | 3% | SL / DV |
| Leasehold improvements | 4-5% | SL / DV |
| Plant and equipment | 10-20% | SL / DV |
| Motor vehicles | 13% | SL / DV |

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

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

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

(e) Leases

A lease liability is recognised at the commencement of the lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend upon an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, any any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carry amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-asset is fully written down.

(f) Right-of-use asset

A right-of-use asset is recognised at the commencement of the date of the lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payment made at or before the commencement date net of any lease incentives received, any initial direct costs asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any indirect direct costs incurred, and, except where included in cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

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. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciated is over its useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(g) Impairment of assets

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

(h) Goods and services tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

(i) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits

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

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

(i) Intangible assets

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

(j) Cash and cash equivalents

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

(k) Revenue and other income

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

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(k) Revenue and other income (continued)

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

Dividend revenue is recognised when the right to the income has been established.

Rental income is recognised on a straight line basis over the lease term.

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

(l) Investments and other financial assets

(i) Classification

The company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held to maturity investments, and
- available for sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The company has not designated any financial assets at fair value through profit or loss.

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Held to maturity investments

The group classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the group intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Available for sale financial asset

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(ii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(i) Investments and other financial assets (continued)

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at fair value through profit or loss' – in profit or loss within other income or other expenses
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security are recognised in profit or loss and other changes in the carrying amount are recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in the profit or loss.

(iii) Impairment

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

(iv) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

(n) Trade and other payables

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

(o) Borrowings

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

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

(p) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Contributed equity

Ordinary shares are classified as equity.

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

(r) Dividends

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

(s) New and amended accounting policies adopted by the company

There are no new and amended accounting policies that have been adopted by the company this financial year.

(t) Comparative figures

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

(u) Earnings per share

Basic earnings per share

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

(v) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(v) New accounting standards for application in future periods (continued)

- (i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018).

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- a) Financial assets that are debt instruments will be classified based on:
 - (i) the objective of the entity's business model for managing the financial assets; and
 - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:
 - classification and measurement of financial liabilities; and
 - derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard was first adopted for the year ending 30 June 2019, there was no material impact on the transactions and balances recognised in the financial statements.

- (ii) AASB 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(v) New accounting standards for application in future periods (continued)

In May 2015, the AASB issued ED 260 Income of Not-forProfit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard was first adopted for the year ending 30 June 2019, there was no material impact on the transactions and balances recognised in the financial statements.

(iii) AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16:

- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2023.

(w) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

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

Income tax

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

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|------------------------|----------------|----------------|
| 2. Revenue | | |
| Revenue | | |
| - services commissions | 883,652 | 550,942 |
| | 883,652 | 550,942 |
| Other revenue | | |
| - interest received | - | - |
| - other revenue | - | - |
| | - | - |
| Total revenue | 883,652 | 550,942 |

3. Expenses

Profit before income tax includes the following specific expenses:

| | 2023 \$ | 2022 \$ |
|--|----------------|----------------|
| Employee benefits expense | | |
| - wages and salaries | 256,619 | 179,206 |
| - superannuation costs | 25,026 | 16,488 |
| - other costs | 17,069 | 6,561 |
| | 298,714 | 202,255 |
| Depreciation and amortisation | | |
| Depreciation | | |
| - plant and equipment | 15,827 | 2,640 |
| - leasehold improvements | 3,905 | 4,260 |
| - right-of-use asset | 4,524 | - |
| | 24,256 | 6,900 |
| Amortisation | | |
| - franchise fee | 6,366 | 14,760 |
| | 6,366 | 14,760 |
| Total depreciation and amortisation | 30,622 | 21,660 |
| Finance costs | | |
| - Interest paid | 15 | 31 |
| - right-of-use interest | 835 | - |
| Bad and doubtful debts expenses | 39 | 5 |
| Occupancy cost | 46,525 | 53,911 |
| IT equipment Lease | 5,482 | 6,774 |
| IT running costs | 5,073 | 4,406 |
| IT support costs | 5,283 | 5,540 |
| Total IT costs | 15,838 | 16,720 |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|--|---------------|---------------|
| 3. Expenses (continued) | | |
| Other expenses | | |
| - marketing and sponsorship | 18,981 | 5,054 |
| - insurance | 17,961 | 10,773 |
| - printing and stationery | 5,352 | 5,049 |
| - other | - | 588 |
| Total | 42,294 | 21,464 |
| (Gain) / Loss on disposal of property, plant and equipment | - | - |
| Auditors' remuneration | | |
| Remuneration of the Auditor for: | | |
| - Audit or review of the financial report | 3,155 | 3,000 |
| - Taxation services | - | - |
| - Share registry services | - | - |
| | 3,155 | 3,000 |

4. Income tax

a. The components of tax expense / (income) comprise:

| | | |
|--|---|---|
| Current tax expense / (income) | - | - |
| Deferred tax expense / (income) relating | - | - |
| Recoupment of prior year tax losses | - | - |
| Under / (over) provision of prior years | - | - |
| | - | - |

b. Prima facie tax payable

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

| | | |
|---|-----------|-----------|
| Prima facie tax on profit / (loss) before income tax at 28.5% | 403,570 | 188,856 |
| Add tax effect of: | | |
| - Utilisation of previously unrecognised carried forward tax losses | (403,570) | (188,856) |
| - Under / (over)provision of prior years | - | - |
| - Non-deductible expenses | - | - |
| Income tax attributable to the entity | - | - |
| The applicable weighted average effective tax rate is | 0.00% | 0.00% |

c. Current tax liability

| | | |
|---------------------------------------|---|---|
| Current tax relates to the following: | | |
| Current tax liabilities / (assets) | | |
| Opening balance | - | - |
| Income tax paid | - | - |
| Current tax | - | - |
| Under / (over) provision prior years | - | - |
| | - | - |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| 4. Income tax (continued) | | |
| d. Deferred tax asset / (liability) | | |
| Deferred tax relates to the following: | | |
| Deferred tax assets balance comprises: | | |
| Provision for doubtful debts | - | - |
| Prepayments | - | - |
| Property, plant & Equipment | - | - |
| Accruals | - | - |
| Employee provisions | - | - |
| Unused tax losses | - | - |
| | - | - |
| Deferred tax liabilities balance comprises: | | |
| Accrued income | - | - |
| Property, plant & Equipment | - | - |
| | - | - |
| Net deferred tax asset / (liability) | - | - |
| Total carried forward tax losses not recognised as deferred tax assets | - | - |
| e. Deferred income tax (revenue)/expense included in income tax expense comprises: | | |
| Decrease / (increase) in deferred tax assets | - | - |
| (Decrease) / increase in deferred tax liabilities | - | - |
| Under / (over) provision prior years | - | - |
| | - | - |

5. Cash and cash equivalents

| | | |
|--------------------------|----------------|----------------|
| Cash at bank and on hand | 587,097 | 169,773 |
| | 587,097 | 169,773 |

6. Trade and other receivables

| | | |
|-------------------|---------------|---------------|
| Current | | |
| Trade receivables | 80,483 | 60,193 |
| Prepayments | 4,752 | 3,245 |
| | 85,235 | 63,438 |

Credit risk

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

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

Notes to the financial statements (continued)

6. Trade and other receivables (continued)

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

| | Gross amount \$ | Past due and impaired \$ | Past due but not impaired | | | Not past due \$ |
|-------------------|--------------------|-----------------------------|---------------------------|------------------|-----------------|--------------------|
| | | | < 30 days \$ | 31-60 days \$ | > 60 days \$ | |
| 2023 | | | | | | |
| Trade receivables | 85,235 | - | - | - | - | 85,235 |
| Other receivables | - | - | - | - | - | - |
| Total | 85,235 | - | - | - | - | 85,235 |
| 2022 | | | | | | |
| Trade receivables | 63,438 | - | - | - | - | 63,438 |
| Other receivables | - | - | - | - | - | - |
| Total | 63,438 | - | - | - | - | 63,438 |

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| 7. Financial assets | | |
| <i>Held to maturity financial assets</i> | | |
| Term deposits | | |
| <i>Available for sale financial assets</i> | | |
| Listed investments | - | - |
| | - | - |

8. Other assets

| | | |
|---------------|--------------|----------|
| Security bond | - | - |
| Other | 6,767 | - |
| | 6,767 | - |

9. Property, plant and equipment

| | | |
|-------------------------------|---------------|---------------|
| <i>Land</i> | | |
| At cost | - | - |
| <i>Right-of-use asset</i> | | |
| At cost | 89,909 | - |
| Less accumulated depreciation | (4,524) | - |
| | 85,385 | - |
| <i>Leasehold improvements</i> | | |
| At cost | 146,218 | 146,218 |
| Less accumulated depreciation | (84,727) | (84,729) |
| | 61,491 | 61,489 |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|---|----------------|---------------|
| 9. Property, plant and equipment (continued) | | |
| <i>Plant and equipment</i> | | |
| At cost | 69,186 | 57,088 |
| Less accumulated depreciation | (59,316) | (43,489) |
| | 9,870 | 13,599 |
| Total property, plant and equipment | 156,746 | 70,828 |
| Movements in carrying amounts | | |
| <i>Land</i> | | |
| Balance at the beginning of the reporting period | - | - |
| Additions | - | - |
| Disposals | - | - |
| Depreciation expense | - | - |
| Balance at the end of the reporting period | - | - |
| <i>Buildings</i> | | |
| Balance at the beginning of the reporting period | - | - |
| Additions | - | - |
| Disposals | - | - |
| Depreciation expense | - | - |
| Balance at the end of the reporting period | - | - |
| <i>Leasehold improvements</i> | | |
| Balance at the beginning of the reporting period | 57,229 | 61,489 |
| Additions | - | - |
| Disposals | - | - |
| Depreciation expense | (3,905) | (4,260) |
| Balance at the end of the reporting period | 53,324 | 57,229 |
| <i>Plant and equipment</i> | | |
| Balance at the beginning of the reporting period | 12,063 | 12,569 |
| Additions | 2,134 | - |
| Disposals | - | - |
| Depreciation expense | (15,827) | (2,640) |
| Balance at the end of the reporting period | -3,764 | 12,063 |
| <i>Total property, plant and equipment</i> | | |
| Balance at the beginning of the reporting period | 69,292 | 74,058 |
| Additions | 1,536 | 3,670 |
| Disposals | - | - |
| Depreciation expense | (19,732) | (6,900) |
| Balance at the end of the reporting period | 51,096 | 70,828 |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|---|---------------|---------------|
| 10. Intangible assets | | |
| <i>Franchise fee</i> | | |
| At cost | 21,537 | 21,537 |
| Less accumulated amortisation | (21,537) | (21,537) |
| | - | - |
| <i>Renewal processing fee</i> | | |
| At cost | 79,219 | 166,266 |
| Less accumulated amortisation | (9,002) | (96,298) |
| | 70,217 | 69,968 |
| Total intangible assets | 70,217 | 69,968 |
| Movements in carrying amounts | | |
| <i>Franchise fee</i> | | |
| Balance at the beginning of the reporting period | - | - |
| Additions | - | - |
| Disposals | - | - |
| Amortisation expense | - | - |
| Balance at the end of the reporting period | - | - |
| <i>Renewal processing fee</i> | | |
| Balance at the beginning of the reporting period | 69,968 | 69,981 |
| Additions | 15,624 | 14,746 |
| Disposals | - | - |
| Amortisation expense | (15,376) | (14,759) |
| Balance at the end of the reporting period | 70,216 | 69,968 |
| <i>Total intangible assets</i> | | |
| Balance at the beginning of the reporting period | 69,968 | 69,981 |
| Additions | 15,624 | 14,746 |
| Disposals | - | - |
| Amortisation expense | (15,376) | (14,759) |
| Balance at the end of the reporting period | 70,216 | 69,968 |

11. Trade and other payables

| | | |
|-------------------------------|----------------|---------------|
| Current | | |
| <i>Unsecured liabilities:</i> | | |
| Trade creditors | 3,585 | 3,995 |
| Other creditors and accruals | 157,653 | 94,276 |
| | 161,238 | 98,271 |

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

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|--|-----------------|------------------|
| 12. Lease liabilities | | |
| Current | | |
| <i>Unsecured liabilities</i> | | |
| Lease liabilities - right-of-use asset | 27,590 | - |
| | 27,590 | - |
| Non-current | | |
| <i>Unsecured liabilities</i> | | |
| Lease liabilities - right-of-use asset | 57,750 | - |
| | 57,750 | - |
| 13. Provisions | | |
| Current | | |
| Employee benefits | 37,434 | 16,079 |
| Non-current | | |
| Employee benefits | 200 | 12,510 |
| Total provisions | 37,634 | 28,589 |
| 13a. Tax balances | | |
| (a) Tax assets | | |
| <i>Current</i> | | |
| Income tax receivable | - | - |
| | - | - |
| <i>Non-current</i> | | |
| Deferred tax asset comprises: | | |
| - tax losses carried forward | (21,179) | (127,969) |
| - Provisions | - | - |
| | (21,179) | (127,969) |
| (b) Tax liabilities | | |
| <i>Current</i> | | |
| Income tax payable | - | - |
| | - | - |
| 14. Share capital | | |
| Ordinary shares fully paid | 722,810 | 722,810 |
| Bonus shares issued for no consideration | - | - |
| Less: Equity raising costs | (26,648) | (26,648) |
| | 696,162 | 696,162 |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|---|----------------|----------------|
| 14. Share capital (continued) | | |
| Movements in share capital | | |
| Fully paid ordinary shares: | | |
| At the beginning of the reporting period | 722,810 | 722,810 |
| Shares issued during the year | - | - |
| At the end of the reporting period | 722,810 | 722,810 |

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

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

| | 2023 \$ | 2022 \$ |
|---|-----------------|------------------|
| 15. Retained earnings / (accumulated losses) | | |
| Balance at the beginning of the reporting period | (449,015) | (623,415) |
| Profit/(loss) after income tax | 403,615 | 188,856 |
| Revaluation reserve | - | - |
| Dividends paid | (28,912) | (14,456) |
| Balance at the end of the reporting period | (74,312) | (449,015) |

Notes to the financial statements (continued)

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| 16. Reserves | | |
| Asset revaluation reserve | | |
| Balance at the beginning of the reporting period | - | - |
| Fair value movements during the period | - | - |
| Balance at the end of the reporting period | - | - |

17. Statement of cash flows

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

| | | |
|--|----------------|----------------|
| Cash and cash equivalents (Note 5) | 587,097 | 169,773 |
| Less bank overdraft (Note 12) | (27,590) | - |
| As per the Statement of Cash Flow | 559,507 | 169,773 |

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

| | | |
|--|----------------|----------------|
| Profit / (loss) after income tax | 398,643 | 188,856 |
| Non-cash flows in profit | | |
| - Depreciation | 24,256 | 6,900 |
| - Amortisation | 6,366 | 14,760 |
| - Bad debts | 39 | 5 |
| - Net (profit) / loss on disposal of property, plant & equipment | - | - |
| Changes in assets and liabilities | | |
| - (Increase) / decrease in intangibles | (249) | - |
| - (Increase) / decrease in trade and other receivables | 21,797 | - |
| - (increase) / decrease in prepayments and other assets | (1,507) | - |
| - (Increase) / decrease in deferred tax asset | - | - |
| - Increase / (decrease) in trade and other payables | 62,967 | - |
| - Increase / (decrease) in provisions | 9,045 | - |
| Net cash flows from / (used in) operating activities | 521,357 | 210,521 |

(c) Credit standby arrangement and loan facilities

Not Applicable - -

18. Earnings per share

| | | |
|--|---------|---------|
| Basic earnings per share (cents) | 56 | 26 |
| Earnings used in calculating basic earnings per share | 403,615 | 188,856 |
| Weighted average number of ordinary shares used in calculating basic and diluted earnings per share. | 722,810 | 722,810 |

Notes to the financial statements (continued)

19. Key management personnel and related party disclosures

(a) Key management personnel

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

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

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

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

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

| | | 2023 \$ | 2022 \$ |
|------------------------|--------------------------|------------|------------|
| Ian Malcolm Richardson | Accounting | 6400 | 8200 |
| James Dominic Walters | Electrical & Maintenance | 90 | 90 |
| Julie Harris | Secretarial | 7400 | 3,620 |
| Geoff Schmidt/J Baker | Accounting/Secretarial | 2200 | 3910 |

Notes to the financial statements (continued)

19. Related party transactions (continued)

(c) Transactions with key management personnel and related parties (continued)

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

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders.

The Directors have estimated the total benefits received as nil.

| | 2023 | 2022 |
|--|------|------|
| | - | - |
| | - | - |

(d) Key management personnel shareholdings

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

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

20. Events after the reporting period

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

21. Contingent liabilities and contingent assets

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

22. Operating segments

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

23. Commitments

| | 2023 \$ | 2022 \$ |
|---|---------------|------------|
| Operating lease commitments | Nil | Nil |
| Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position. | | |
| Payable: | | |
| - no later than 12 months | 2,652 | - |
| - between 12 months and five years | 10,608 | - |
| - greater than five years | - | - |
| Minimum lease payments | 13,260 | - |

The property lease is a non-cancellable lease with a three year term, with rent payable monthly in advance and with CPI increases each year.

Notes to the financial statements (continued)

23. Commitments (continued)

Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

| | 2023 \$ | 2022 \$ |
|------------------------------------|----------------|---------------|
| Payable: | | |
| - no later than 12 months | 26,500 | 30,000 |
| - between 12 months and five years | 127,200 | |
| - greater than five years | - | - |
| Minimum lease payments | 153,700 | 30,000 |
| Less future interest charges | - | - |
| Finance lease liability | 153,700 | 30,000 |

Finance leases comprise leases of property, plant and equipment under normal commercial finance lease terms and conditions repayable over 5 years.

24. Company details

The registered office is: 14 Pascoe Street Apollo Bay 3233

The principal place of business is 14 Pascoe Street Apollo Bay 3233

25. Dividends paid or provided for on ordinary shares

| Dividends paid or provided for during the year | 2023 | 2022 |
|--|--------|--------|
| Fully Unfranked Ordinary dividend. | 28,912 | 14,456 |

26. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is assisted in the area of risk management by an internal audit function.

Specific financial risk exposure and management

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

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

| | Note | 2023 \$ | 2022 \$ |
|-------------------------------|------|----------------|----------------|
| Financial assets | | | |
| Cash and cash equivalents | 5 | 587,097 | 169,773 |
| Trade and other receivables | 6 | 85,235 | 63,438 |
| Financial assets | 7 | - | - |
| Total financial assets | | 672,332 | 233,211 |

Notes to the financial statements (continued)

26. Financial risk management (continued)

| | Note | 2023 \$ | 2022 \$ |
|------------------------------------|------|----------------|---------------|
| Financial liabilities | | | |
| Trade and other payables | 11 | 161,238 | 98,271 |
| Borrowings - Bank Overdraft | 12 | 27,590 | - |
| Total financial liabilities | | 188,828 | 98,271 |

(a) Credit risk

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

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

Credit risk exposures

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

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

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

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

(b) Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis:

| 30 June 2023 | Weighted average interest rate % | Total \$ | Within 1 year \$ | 1 to 5 years \$ | Over 5 years \$ |
|----------------------------------|---|----------------|---------------------|--------------------|--------------------|
| Financial assets | | | | | |
| Cash and cash equivalents | -% | 587,097 | 587,097 | - | - |
| Trade and other receivables | -% | 85,235 | 85,235 | - | - |
| Financial assets | -% | - | - | - | - |
| Total anticipated inflows | | 672,332 | 672,332 | - | - |

Notes to the financial statements (continued)

26. Financial risk management (continued)

(b) Liquidity risk (continued)

| 30 June 2023 | Weighted average interest rate % | Total \$ | Within 1 year \$ | 1 to 5 years \$ | Over 5 years \$ |
|--|----------------------------------|----------------|------------------|-----------------|-----------------|
| Financial liabilities | | | | | |
| Trade and other payables | -% | - | - | - | - |
| Borrowings | -% | - | - | - | - |
| Bank overdraft * | -% | - | - | - | - |
| Total expected outflows | - | - | - | - | - |
| Net inflow / (outflow) on financial instruments | | 672,332 | 672,332 | - | - |

| 30 June 2022 | Weighted average interest rate % | Total \$ | Within 1 year \$ | 1 to 5 years \$ | Over 5 years \$ |
|--|----------------------------------|----------------|------------------|-----------------|-----------------|
| Financial assets | | | | | |
| Cash and cash equivalents | -% | 169,773 | 200 | - | - |
| Trade and other receivables | -% | 63,438 | 46,554 | - | - |
| Financial assets | -% | - | - | - | - |
| Total anticipated inflows | | 233,211 | 46,754 | - | - |
| Financial liabilities | | | | | |
| Trade and other payables | -% | - | - | - | - |
| Borrowings | -% | - | - | - | - |
| Bank overdraft * | -% | - | - | - | - |
| Total expected outflows | - | - | - | - | - |
| Net inflow / (outflow) on financial instruments | | 233,211 | 46,754 | - | - |

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

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

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

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

Sensitivity analysis

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

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

Notes to the financial statements (continued)

26. Financial risk management (continued)

(c) Market risk (continued)

| | Profit \$ | Equity \$ |
|---|--------------|--------------|
| Year ended 30 June 2022 | | |
| +/- 1% in interest rates (interest income) | 5,871 | 5,871 |
| +/- 1% in interest rates (interest expense) | 276 | 276 |
| | 5,871 | 5,871 |
| Year ended 30 June 2023 | | |
| +/- 1% in interest rates (interest income) | 1,698 | 1,698 |
| +/- 1% in interest rates (interest expense) | - | - |
| | 1,698 | 1,698 |

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Directors' declaration

For the financial year ended 30 June 2023

In accordance with a resolution of the Directors of Apollo Bay & District Community Enterprises Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 39 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2023 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

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



Ian Malcolm Richardson
Treasurer, Chairman

Signed at Apollo Bay on 25th August 2023

Independent audit report

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor 4485

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF APOLLO BAY & DISTRICT COMMUNITY ENTERPRISES LIMITED
ABN 79 127 944 923**

Report on the Financial Report

I have audited the accompanying financial report of Apollo Bay & District Community Enterprises Limited, which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives me a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Apollo Bay & District Community Enterprises Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Independent audit report (continued)

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

Auditor's Opinion

In my opinion:

- (a) the financial report of Apollo Bay & District Community Enterprises Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.



Mark Stuart Pressland Wilkinson
Registered Company Auditor 4485
6 Kintyre Crescent
Leopold Victoria 3224

Dated: 17 August 2023

Liability limited by a scheme approved under Professional Standards Legislation.
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