Annual Report 2023

Augusta & Districts Community Financial Services Limited

Community Bank
Augusta Margaret River

ABN 64 110 946 168

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Augusta & Districts Community Financial Services Ltd Chairman's Report

This past year has been rewarding in consolidating operational matters and improving income. I thank the Board for being diligent and faithful in their commitment to reach the goals of a thriving community bank.

Thanks to Deputy Chair Cinde Fisher for her unswerving commitment and Treasurer Donna Adams, who manages the company finances despite being extremely busy.

Miriam Bailey from AMD Accounting has been diligent as Company Secretary. We welcome Natalie Chambers as the Communication and Marketing Officer for the Board and thank her for preparing the AGC documents and meeting. Natalie is employed part-time by Augusta & Districts Community Financial Services Limited. She is the first point of contact for Shareholders.

Branch Manager Tony Greipl was very new at the last AGM. The past year has been productive, and his professional performance has been excellent. We have enjoyed his support and are very happy with his community interaction. Toni English, as Customer Relations Officer, stepped up in her role when Kayla Mae went on leave. We thank the Customer Service staff, Kristine Schreck and Marcia Burton for their everyday care and professional service

We thank Bendigo Bank WA State Manager Joe Faraone, Business Performance Manager Grant McLeod and Regional Manager Michelle Brace, for their consistent and positive guidance.

As your Board of Directors, we are focused on

- providing banking services in Augusta
- expanding banking to Margaret River
- being profitable for shareholders
- supporting community groups through sponsorship

The 2021 Strategy remains the key document to guide our growth. The primary driver for this Strategy is to grow the bank's footprint and increase its income. The staff changes, staffing levels, and opening hours will build customer confidence. As some of the main objectives are being reached, we will now focus on getting the message out regarding the benefits of banking with this community bank.

FINANCIAL OVERVIEW

There has been a significant reduction in our overdraft position due to higher margin rates in the past year. This has contributed to a good outcome, and we expect the bank book to continue to grow.

As Bendigo Bank has ended the Marketing Development Fund, we will now rely on profits to share between shareholders and the community groups.
Fortunately, this change has coincided with our improved financial position, and we expect to be able to meet these commitments in the coming year.

In conclusion

While we operate as a small business, we have managed to weather difficult times in recent years and are now set to secure and stabilize our position and see a more substantial company.

We ask you, the Shareholders, to be our community ambassadors and help us grow the business.

Regards

Jennifer Gherardi
Board Chairman

Augusta & Districts Community Financial Services Ltd Branch Managers Report

How time flies, it seems like only yesterday that I started my time at the Community Bank Augusta Margaret River branch, however as I reflect back I am actually nearing the completion of my first working year.

This is my first annual report for the Company – hopefully the first of many.

I started at the branch after some challenging times. Covid issues, along with some staffing shortages had led to a bit of uncertainty for customers. Since arriving we tried to gain a stable team of staff and have been working hard to build confidence in our customers that the branch is here to stay and will continue to provide a vital service to our community.

The branch continues to grow in customer numbers and business, and I am very pleased with the progress we are making. I would like to thank the staff for their commitment to the cause and as they all develop and gain experience, I am confident that we will continue to progress and grow.

I wish to thank all staff for their efforts and commitment over the past year. Along with staff, I also wish to express my gratitude to the board for providing me with the opportunity to work here and the support required to perform my role. On a final note, a big thanks to the customers that make this all happen.

Regards

Tony Greipl
Augusta and Districts Financial Services Ltd
Branch Manager

Augusta & Districts Community Financial Services Ltd

ABN 64 110 946 168

Financial Report - 30 June 2023

Augusta & Districts Community Financial Services Ltd
Directors' report
30 June 2023

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

Directors

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

Name:	Jennifer Anne Gherardi
Title:	Non-executive director
Experience and expertise:	Jennifer's' qualifications include; BSc Communications Studies, 1st Class Honours in Media, Vice Chancellors Award for Academic Excellence and Training and mentoring at BBC London in New Media. Jennifer has both business and community experience, she and her partner developed Freycinet Estate (now Voyage Estate) in the commencement of the wine industry in the Margaret River. She went onto becoming a Film and Television Producer/Director making independent films for SBS and ABC TV. Jennifer co-manages Meeks House in Margaret River and is a Chamber of Commerce member. Her community contributions include being; a lactation counsellor for 15 years, a founding member of The Margaret River Community Centre, and a CinefestOZ Film Festival board director for 8 years.
Special responsibilities:	Chair, Marketing Committee.

Name:	Cinde Blanche Fisher
Title:	Non-executive director
Experience and expertise:	Bachelor of Science (Computer Science & Financial Accounting).
Special responsibilities:	Audit Committee.

Name:	Nicholas Fairbairn Dornan
Title:	Non-executive director
Experience and expertise:	Nicholas' previous roles included a designer in the entertainment industry UK, General Manager of Samuelson Vari-lites UK (Europe and Asia) . Former Shire president of Augusta Margaret River. He is currently on the Shire Sustainability Advisory committee, is the Secretary of the Augusta Golf Club and the Vice President of the Margaret River Tennis Club.
Special responsibilities:	Nil.

Name:	Jodie Boyd Lane
Title:	Non-executive director
Experience and expertise:	Farmer, small business owner, educator, venue provider, event organiser.
Special responsibilities:	Marketing Committee.

Name:	Donna Adams
Title:	Non-executive director
Experience and expertise:	Donna was born in Margaret River and now lives in Augusta with her husband and two daughters. She holds a Cert IV in Financial Services/Bookkeeping and is a BAS agent with Tax Practitioner Board. Donna is the owner of Nautilus Business Solutions, a small Accounting & Bookkeeping firm with four employees and has also just started Donna Adams Business Coaching. Currently Donna is in her last year of studying a BPsych at Curtin University, where she is a Member of Vice Chancellor List 2019 (top 1%). Donna also presently volunteers as a mentor to 12 students who are new to Curtin University and is a committee member on the 'Open The Gate' group (mental health awareness and suicide prevention in rural and marginalised communities). She is also 2017 Alumni of Women & Leadership Australia.
Special responsibilities:	Nil.

Augusta & Districts Community Financial Services Ltd
Directors' report
30 June 2023

Name:	Julie Alice Kirby
Title:	Non-executive director
Experience and expertise:	With more than 20 years' experience specialising in agribusiness, Julie is a consultant who uses her financial acumen to drive competitiveness and improved commercial outcomes in the private sector and applies her robust strategic planning and analytical thinking skills to projects spanning Government, industry peak bodies and Not-for-Profit organisations. Julie helps clients build and execute powerful business strategies, navigate change and improve organisational, team and leadership effectiveness. Julie has an MBA and is a graduate of the Australian Institute of Company Directors.
Special responsibilities:	Nil.

Name:	Mathew John Cuthbert
Title:	Non-executive director
Experience and expertise:	Mathew has been a town planner for 22 years working in both the local government and state government sectors. Mathew has worked for the Shire of Augusta Margaret River for the last 9 years and is currently the Manager of Planning and Regulatory Services. Mathew has helped to initiate and develop the Busselton Community Garden and held positions on the Committee between its inception in 2005 and 2013.
Special responsibilities:	Nil.

Name:	Edward John Coulter
Title:	Non-executive director (appointed 15 March 2023)
Experience and expertise:	Financial Director of a development company in the tourism industry. Former Augusta-Margaret River Shire Councillor and Business Proprietor. Current Member of Augusta Chamber of Commerce Inc and previous member of several community organisations including inaugural chair of Augusta Community & Districts Community Financial Services Ltd,
Special responsibilities:	Nil

Name:	Clare Nicole Gleeson
Title:	Non-executive director (resigned 16 March 2023)
Experience and expertise:	Bachelor of Science (Environmental Science), Bachelor of Laws. Admitted to practice as a Solicitor and Barrister in 2005. 16 years practicing experience. Principal of Cape to Cape Lawyers. Chair person of Western Australian Underwater Hockey Commission Inc.
Special responsibilities:	Nil.

Company secretary
The company secretary is Miriam Rachel Bailey. Miriam was appointed to the position of company secretary on 20 June 2019.

Experience and expertise:	Miriam was a past Auditor at Ernst & Young, Tax Manager at NKH Knight and Facilitator for the Institute of Chartered Accountants. She is a Director of AMD Margaret River (tax and advisory) and holds a Bachelor of Commerce major in Professional Accounting, minor in Business Law, Chartered Accountant, Certified Tax Advisor, Diploma of Financial Planning.

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

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

Review of operations
The profit for the company after providing for income tax amounted to $149,924 (30 June 2022: $12,628).

Augusta & Districts Community Financial Services Ltd
Directors' report
30 June 2023

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

Dividends
No dividends were declared or paid in the current financial year.

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

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

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

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

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

	Board	
	Eligible	Attended
Jennifer Anne Gherardi	7	6
Cinde Blanche Fisher	7	7
Nicholas Fairbairn Dornan	7	7
Jodie Boyd Lane	7	7
Donna Adams	7	5
Julie Alice Kirby	7	6
Mathew John Cuthbert	7	6
Edward John Coulter	1	1
Clare Nicole Gleeson	7	7

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 26 to the financial statements.

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Jennifer Anne Gherardi	-	-	-
Cinde Blanche Fisher	-	-	-
Nicholas Fairbairn Dornan	-	-	-
Jodie Boyd Lane	-	-	-
Donna Adams	-	-	-
Clare Nicole Gleeson	-	-	-
Julie Alice Kirby	-	-	-
Mathew John Cuthbert	-	-	-
Edward John Coulter	-	1,000	1,000

Augusta & Districts Community Financial Services Ltd
Directors' report
30 June 2023

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 27 to the accounts.

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

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

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

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

On behalf of the directors

JAGherardi

____
Jennifer Anne Gherardi
Chair

27 September 2023

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Augusta & Districts Community Financial Services Ltd

As lead auditor for the audit of Augusta & Districts Community Financial Services Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Joshua Griffin
Lead Auditor

Augusta & Districts Community Financial Services Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	7	532,202	317,801
Other revenue	8	70,504	37,500
Total revenue		602,706	355,301
Employee benefits expense	9	(232,925)	(168,676)
Advertising and marketing costs		(5,331)	(4,369)
Occupancy and associated costs		(20,573)	(24,748)
System costs		(13,789)	(14,966)
Depreciation and amortisation expense	9	(38,042)	(34,883)
Finance costs	9	(10,817)	(8,518)
General administration expenses		(65,458)	(50,525)
Total expenses before community contributions and income tax expense		(386,935)	(306,685)
Profit before community contributions and income tax expense		215,771	48,616
Charitable donations and sponsorships expense		(15,572)	(31,533)
Profit before income tax expense		200,199	17,083
Income tax expense	10	(50,275)	(4,455)
Profit after income tax expense for the year	21	149,924	12,628
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		149,924	12,628
		Cents	**Cents**
Basic earnings per share	29	24.11	2.03
Diluted earnings per share	29	24.11	2.03

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

Augusta & Districts Community Financial Services Ltd
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Trade and other receivables	11	61,627	36,519
Total current assets		61,627	36,519
Non-current assets			
Property, plant and equipment	12	37,636	43,850
Right-of-use assets	13	35,944	52,534
Intangible assets	14	28,487	41,386
Deferred tax assets	10	148,204	198,479
Total non-current assets		250,271	336,249
Total assets		311,898	372,768
Liabilities			
Current liabilities			
Trade and other payables	15	43,507	35,438
Borrowings	16	59,689	237,404
Lease liabilities	17	19,488	18,811
Employee benefits	18	8,040	4,683
Total current liabilities		130,724	296,336
Non-current liabilities			
Trade and other payables	15	14,873	29,747
Borrowings	16	6,306	18,030
Lease liabilities	17	23,623	43,111
Employee benefits	18	250	150
Lease make good provision	19	23,157	22,353
Total non-current liabilities		68,209	113,391
Total liabilities		198,933	409,727
Net assets/(liabilities)		112,965	(36,959)
Equity			
Issued capital	20	621,813	621,813
Accumulated losses	21	(508,848)	(658,772)
Total equity/(deficiency)		112,965	(36,959)

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

Augusta & Districts Community Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021	621,813	(671,400)	(49,587)
Profit after income tax expense	-	12,628	12,628
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	12,628	12,628
Balance at 30 June 2022	621,813	(658,772)	(36,959)

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022	621,813	(658,772)	(36,959)
Profit after income tax expense	-	149,924	149,924
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	149,924	149,924
Balance at 30 June 2023	621,813	(508,848)	112,965

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

Augusta & Districts Community Financial Services Ltd
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		627,760	374,503
Payments to suppliers and employees (inclusive of GST)		(393,637)	(334,989)
Interest and other finance costs paid		(8,124)	(4,689)
Net cash provided by operating activities	28	225,999	34,825
Cash flows from investing activities			
Payments for property, plant and equipment		(2,339)	(28,702)
Payments for intangible assets		(13,521)	(13,521)
Net cash used in investing activities		(15,860)	(42,223)
Cash flows from financing activities			
Proceeds/(repayment) of bank loans		(11,724)	28,981
Repayment of lease liabilities	17	(20,700)	(20,700)
Net cash provided by/(used in) financing activities		(32,424)	8,281
Net increase in cash and cash equivalents		177,715	883
Cash and cash equivalents at the beginning of the financial year		(225,942)	(226,825)
Cash and cash equivalents at the end of the financial year	16	(48,227)	(225,942)

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

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2023

Note 1. Reporting entity

The financial statements cover Augusta & Districts Community Financial Services Ltd (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 54 Blackwood Avenue, Augusta WA 6290.

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

Note 2. Basis of preparation and statement of compliance

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

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

Going concern
The financial statements for the financial year end 30 June 2023 have been prepared on the basis that the company is a going concern and it would continue its operations for a foreseeable future.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. As disclosed in the financial statements, the company's financial position is as follows:

	2023 $	2022 $	Change $	Change %
Current assets	61,627	36,519	25,108	69%
Current liabilities	(130,724)	(296,336)	165,612	(56%)
Working capital (deficiency)	(69,097)	(259,817)	190,720	(73%)

	2023 $	2022 $	Change $	Change %
Total assets	311,898	372,768	(60,870)	(16%)
Total liabilities	(198,933)	(409,727)	210,794	(51%)
Net assets/(liabilities)	112,965	(36,959)	149,924	(406%)
Accumulated losses	(508,848)	(658,772)	149,924	(23%)
Profit/(loss) before tax	200,199	17,083	183,116	1072%
Profit/(loss) after tax	149,924	12,628	137,296	1087%
Total comprehensive income	149,924	12,628	137,296	1087%
Operating cash inflows (outflows)	225,999	34,825	191,174	549%
Available overdraft and borrowing facilities	251,774	174,058	77,716	45%

The company meets its day to day working capital requirements through an overdraft facility. The overdraft has an approved limit of $300,000 and was drawn to $48,227 as at 30 June 2023

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current overdraft facility.

Note 2. Basis of preparation and statement of compliance (continued)

The current economic environment has improved with the RBA increasing the cash rate by 3.25% during the period, positively effecting revenue from margin income. The company has reported a net profit of $149,924 for the year, however, the company was reliant on the overdraft facility and accumulated losses remain high at $508,848. Furthermore, the company had a working capital deficiency as its current liabilities exceeded its current assets by $69,097. Based on this the directors have concluded that whilst the financial position of the company is improving, there is still uncertainty in future financial results that creates some doubt upon the companies ability to continue as a going concern.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the unforeseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Note 3. Significant accounting policies

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

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

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

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

Note 5. Correction of error

The prior year financial report incorrectly classified chattel mortgages relating to motor vehicles under 'lease liabilities' and the corresponding asset under 'right-of-use assets'. Upon further analysis of *AASB 16 Leases*, the correct classification should have been under 'borrowings' and 'property, plant and equipment'. We considered the discrepancy immaterial to users of the financial report, however we believe it is important to rectify the classification error. Therefore, the necessary corrections to the 2023 and 2022 disclosures have been made accordingly.

Note 6. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in August 2025.

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

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

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

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

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Note 6. Economic dependency (continued)

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

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

Note 7. Revenue from contracts with customers

	2023 $	2022 $
Margin income	478,901	264,527
Fee income	29,560	31,834
Commission income	23,741	21,440
	532,202	317,801

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

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

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

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

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

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

Augusta & Districts Community Financial Services Ltd
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Note 7. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

Note 8. Other revenue

	2023 $	2022 $
Market development fund	32,500	37,500
Other income	38,004	-
Other revenue	70,504	37,500

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

Augusta & Districts Community Financial Services Ltd
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Note 8. Other revenue (continued)

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

All revenue is stated net of the amount of GST.

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

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

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

Other income
The amounts received are reimbursements from the Department of Training and Workforce Development for employees with training entitlements.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

Note 9. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	185,398	139,885
Superannuation contributions	18,827	14,126
Expenses related to long service leave	100	(939)
Other expenses	28,600	15,604
	232,925	168,676

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Note 9. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	490	473
Plant and equipment	2,323	2,122
Motor vehicles	5,740	2,799
	8,553	5,394
Depreciation of right-of-use assets		
Leased land and buildings	16,590	16,590
Amortisation of intangible assets		
Franchise fee	2,150	2,150
Franchise renewal fee	10,749	10,749
	12,899	12,899
	38,042	34,883

Finance costs

	2023 $	2022 $
Bank overdraft interest paid or accrued	7,464	4,689
Lease interest expense	1,889	2,541
Unwinding of make-good provision	804	776
Chattel mortgage interest expense	660	512
	10,817	8,518

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	4,585	5,579

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

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Note 10. Income tax

	2023 $	2022 $
Income tax expense		
Movement in deferred tax	(1,945)	6,902
Recoupment of prior year tax losses	52,220	-
Future income tax benefit attributable to losses	-	(2,447)
Aggregate income tax expense	50,275	4,455
Prima facie income tax reconciliation		
Profit before income tax expense	200,199	17,083
Tax at the statutory tax rate of 25%	50,050	4,271
Tax effect of:		
Non-deductible expenses	225	184
Income tax expense	50,275	4,455

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Carried-forward tax losses	147,485	199,705
Property, plant and equipment	(9,409)	(4,487)
Employee benefits	2,073	1,326
Provision for lease make good	5,789	5,588
Accrued expenses	474	476
Lease liabilities	10,778	15,481
Right-of-use assets	(8,986)	(19,610)
Deferred tax asset	148,204	198,479

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

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

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

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

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

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

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Note 10. Income tax (continued)

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

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	48,041	30,060
Prepayments	13,586	6,459
	61,627	36,519

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

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	83,932	83,932
Less: Accumulated depreciation	(82,528)	(82,038)
	1,404	1,894
Plant and equipment - at cost	118,884	116,545
Less: Accumulated depreciation	(102,815)	(100,492)
	16,069	16,053
Motor vehicles - at cost	28,702	28,702
Less: Accumulated depreciation	(8,539)	(2,799)
	20,163	25,903
	37,636	43,850

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

	Leasehold improvements $	Plant and equipment $	Motor vehicle $	Total $
Balance at 1 July 2021	2,367	18,175	28,702	49,244
Depreciation	(473)	(2,122)	(2,799)	(5,394)
Balance at 30 June 2022	1,894	16,053	25,903	43,850
Additions	-	2,339	-	2,339
Depreciation	(490)	(2,323)	(5,740)	(8,553)
Balance at 30 June 2023	1,404	16,069	20,163	37,636

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Note 12. Property, plant and equipment (continued)

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

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

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

Leasehold improvements	5 years
Plant and equipment	2.5 to 40 years
Motor vehicle	5 years

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

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

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

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

Note 13. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	341,179	341,179
Less: Accumulated depreciation	(305,235)	(288,645)
	35,944	52,534

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

	Land and buildings $
Balance at 1 July 2021	69,124
Depreciation expense	(16,590)
Balance at 30 June 2022	52,534
Depreciation expense	(16,590)
Balance at 30 June 2023	35,944

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

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Note 13. Right-of-use assets (continued)

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

Refer to note 17 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	93,677	93,676
Less: Accumulated amortisation	(88,930)	(86,779)
	4,747	6,897
Franchise renewal fee	168,384	168,384
Less: Accumulated amortisation	(144,644)	(133,895)
	23,740	34,489
	28,487	41,386

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	9,047	45,238	54,285
Amortisation expense	(2,150)	(10,749)	(12,899)
Balance at 30 June 2022	6,897	34,489	41,386
Amortisation expense	(2,150)	(10,749)	(12,899)
Balance at 30 June 2023	4,747	23,740	28,487

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	August 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	August 2025

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

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

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Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	3,715	4,847
Other payables and accruals	39,792	30,591
	43,507	35,438
Non-current liabilities		
Other payables and accruals	14,873	29,747

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

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

Note 16. Borrowings

	2023 $	2022 $
Current liabilities		
Bank overdraft	48,227	225,942
Chattel mortgage	11,462	11,462
	59,689	237,404
Non-current liabilities		
Chattel mortgage	6,306	18,030

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2023 $	2022 $
Total facilities		
Bank overdraft	300,000	400,000
Used at the reporting date		
Bank overdraft	48,227	225,942
Unused at the reporting date		
Bank overdraft	251,773	174,058

Bank overdraft
The bank overdraft is repayable on demand and used for cash management purposes. The bank overdraft has a rolling renewal date and is reviewed annually by the lender, Bendigo Bank. It is secured by a floating charge over the company's assets. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

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Note 16. Borrowings (continued)

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Accounting policy for cash and cash equivalents
For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 17. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	20,700	20,700
Unexpired interest	(1,212)	(1,889)
	19,488	18,811
Non-current liabilities		
Land and buildings lease liabilities	24,150	44,850
Unexpired interest	(527)	(1,739)
	23,623	43,111

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	61,922	80,081
Lease interest expense	1,889	2,541
Lease payments - total cash outflow	(20,700)	(20,700)
	43,111	61,922

Maturity analysis

	2023 $	2022 $
Not later than 12 months	20,700	20,700
Between 12 months and 5 years	24,150	44,850
	44,850	65,550

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

Lease payments included in the measurement of the lease liability comprise fixed lease payments and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

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Note 17. Lease liabilities (continued)

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

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Augusta Branch	3.54%	1 year	1 year	Yes	August 2025

Note 18. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	8,040	4,683
Non-current liabilities		
Long service leave	250	150

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

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

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

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

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

Note 18. Employee benefits (continued)

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

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

Note 19. Lease make good provision

	2023 $	2022 $
Lease make good	23,157	22,353

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $25,000 for the Augusta Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire on 31 August 2025 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. The provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 20. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	621,813	621,813	621,813	621,813

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

Rights attached to issued capital

Ordinary shares
<u>Voting rights</u>
Subject to some limited exceptions, each member has the right to vote at a general meeting.

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

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Note 20. Issued capital (continued)

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

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

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

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

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

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

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

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

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

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

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

Note 21. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(658,772)	(671,400)
Profit after income tax expense for the year	149,924	12,628
Accumulated losses at the end of the financial year	(508,848)	(658,772)

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2023

Note 22. Capital management

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

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

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

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

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

Note 23. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	48,041	30,060
Financial liabilities		
Trade and other payables	58,380	65,185
Lease liabilities	43,111	61,922
Bank loans	17,768	29,492
Bank overdrafts	48,227	225,942
	167,486	382,541

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

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

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

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2023

Note 24. Financial instruments (continued)

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

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

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

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

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

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2023		2022	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank overdraft	5.715%	48,227	2.232%	225,942
Net exposure to cash flow interest rate risk		48,227		225,942

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2023 $	2022 $
Bank overdraft	251,773	174,058

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2023

Note 24. Financial instruments (continued)

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank overdraft	48,227	-	-	48,227
Chattel mortgage	11,462	6,306	-	17,768
Trade and other payables	43,507	14,873	-	58,380
Lease liabilities	20,700	24,150	-	44,850
Total non-derivatives	123,896	45,329	-	169,225

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank overdraft	225,942	-	-	225,942
Chattel mortgage	11,462	18,030	-	29,492
Trade and other payables	35,438	29,747	-	65,185
Lease liabilities	20,700	44,850	-	65,550
Total non-derivatives	293,542	92,627	-	386,169

Note 25. Key management personnel disclosures

The following persons were directors of Augusta & Districts Community Financial Services Ltd during the financial year and/or up to the date of signing of these Financial Statements.

Jennifer Anne Gherardi
Cinde Blanche Fisher
Nicholas Fairbairn Dornan
Jodie Boyd Lane
Donna Adams
Clare Nicole Gleeson
Julie Alice Kirby
Mathew John Cuthbert

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

Note 26. Related party transactions

The following transactions occurred with related parties:

	2023 $	**2022 $**
Donna Adams' accounting firm, Nautilus Business Solutions provides bookkeeping, BAS agent and administration services for the company	9,560	6,371
The company purchased art from Margaret River Art Studio, which Jennifer Gherardi owns.	252	-

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

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2023

Note 27. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	3,670	2,890
	4,330	3,490
	9,730	8,690

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	149,924	12,628
Adjustments for:		
Depreciation and amortisation	38,042	34,883
Lease liabilities interest	1,889	3,053
Change in operating assets and liabilities:		
Increase in trade and other receivables	(25,108)	(22,786)
Decrease in deferred tax assets	50,275	4,455
Increase in trade and other payables	6,716	5,800
Increase/(decrease) in employee benefits	3,457	(3,983)
Increase in other provisions	804	776
Net cash provided by operating activities	225,999	34,826

Note 29. Earnings per share

	2023 $	2022 $
Profit after income tax	149,924	12,628
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	621,813	621,813
Weighted average number of ordinary shares used in calculating diluted earnings per share	621,813	621,813
	Cents	**Cents**
Basic earnings per share	24.11	2.03
Diluted earnings per share	24.11	2.03

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2023

Note 29. Earnings per share (continued)

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Augusta & Districts Community Financial Services Ltd, by the weighted average number of ordinary shares outstanding during the financial year.

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Augusta & Districts Community Financial Services Ltd
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

JAGherardi

Jennifer Anne Gherardi
Chair

27 September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Independent auditor's report to the Directors of Augusta & Districts Community Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Augusta & Districts Community Financial Services Ltd (the company), which comprises:

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

In our opinion, the accompanying financial report of Augusta & Districts Community Financial Services Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
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Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that the company incurred a net profit after tax of $149,924 during the year ended 30 June 2023, and, as of that date, the company recorded a working capital deficiency of $69,097 with current liabilities of $130,724 exceeding current assets of $61,627. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Andrew Frewin Stewart
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Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.
Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

Community Bank Report 2023
BEN Message
August 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.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

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

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

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

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

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

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

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

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

Warm regards

Sarah Franklyn
CBNC Chair

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Bendigo Bank