Annual Report 2023

Bacchus Marsh Community Enterprise Limited

Community Bank
Bacchus Marsh

ABN 11 164 574 832

Contents

Chair's report	2
Manager's report	4
Bendigo and Adelaide Bank report	5
Community Bank National Council report	6
Investing in our community	7
Directors' report	8
Auditor's independence declaration	13
Financial statements	14
Notes to the financial statements	18
Directors' declaration	37
Independent audit report	38

Chair's report

For year ending 30 June 2023

Dear Shareholders and Customers

As the Chair of Bacchus Marsh Community Enterprise Limited, it gives me great pleasure to present the Financial Report for the 2022-23 financial year, our tenth Annual Report and our ninth year of banking in Bacchus Marsh.

In the last year Community Bank Bacchus Marsh has experienced exceptional growth in footings (loans and deposits) and our customer base. The strong revenue result reflects these increases and the movement of interest rates for both deposits and mortgages. Our branch continues to experience increases in customer traffic but with the increased usage of digital banking services, we do expect at some time in the future this will change.

The branch footings (loans and deposits) grew by 12.8% or $36 million to $318.1 million and revenue increased by $769,411 or 50.7% on the 2021-22 year. This result exceeded the budget and was very welcome after the stagnant revenue result in the preceding year.

The company's expenses of $2,123,738 included a $600,000 deposit into the Community Enterprise Foundation™ for future community investments and a record $389,258 invested directly into activities in our community. Our branch operational expenses increased $125,927 or 12.5% on last year.

Operating profit before community investment and tax was $1,152,549, a 126.4% increase on last year and profit after tax increased 218.7% to $121,228, improving our earnings per share to 13.07 cents compared to 4.1 cents last year.

Interest rates appear to be steadying and even though our deposit growth is strong, the environment to increase our loans has been challenging. The revenue budget for this financial year is difficult to predict due to a number of factors and as a result the budget is not looking as strong as the last financial year.

Thanks to our shareholders and customers we invested over $980,000 into our community. $389,258 directly into groups and not-for-profit organisations and a further $600,000 into the Community Enterprise Foundation™. The Foundation now holds over $1,000,000 in trust for our scholarships, grants programs and seed funding for large projects.

Financial year 2022-23 was our sixth year of the scholarship program. We awarded scholarships to two young ladies from our community starting their first year of university - Briony Mort, studying Psychology and Lori Collins, studying Law. We also had the opportunity to support another local, Zali Ward, to achieve her sporting goals with a High Achiever Ambassadorship. Our community contributions also included a targeted Green Grants program to support community groups to save money and be more environmentally sustainable. To date we have invested over $100,000 into green projects for community groups and we will continue to look for opportunities to expand this program.

The previous year's result allowed us to pay all shareholders a fully franked dividend of 8 cents per share in February 2023. This dividend brings the return to shareholders to $0.315 per share since opening in October 2014.

The Board continues to assess the need for banking services in our community and ensure we are best placed to service our existing customers and those new customers who are not inclined to travel to other towns to conduct their banking. In the last year we welcomed Jess Watkins, who replaced Jade Collins as a part time Customer Service Officer, and in July 2022 we expanded our branch footprint and developed our adjacent property into a Lending Centre. Our Lending staff are now able to welcome customers into this private environment to discuss their banking needs.

We are immensely proud of all of our staff and would like to thank Ian, Veronica and the team for the outstanding service they provide to our community. Our volunteer Board has also been well supported by Amanda, our Minute Secretary, Kim and now Amber, our Community Engagement Officers. These ladies assist us to achieve our governance responsibilities and maintain a connection with our community.

In June 2023 we conducted a series of public forums that we labelled 'Think Tank 3340'. We invited local youth and all of our community groups to tell us what is working well in 3340 and what are the big-ticket items they would like to see happening in 3340 in the future. The insights we have gained from these forums will assist us in our advocacy with Local and State Government and direct the use of funds in the future.

I would like to sincerely thank my fellow Board members for your tireless support and ongoing contribution to the success of our company and Community Bank Bacchus Marsh. Your passion for our community is to be congratulated.

Bendigo Bank continues to be a valuable partner in all things Community Bank and we thank you on behalf of our company and the community.

To our shareholders and customers, thank you for believing in the model and investing in your community.

Together we can make great things happen!

Claire Sutherland
Chair

Manager's report

For year ending 30 June 2023

When I sat down to review our 2022-23 financial year, the obvious thought was the consistent interest rate rises we had throughout the year. This created different challenges to any in the previous eight years that I had been involved with Community Bank Bacchus Marsh. Our first challenge was to ensure our existing lending clients were on the best possible rates during the increases as many of these clients had not experienced rate increases to this extent before. A large number of our home loan clients were on extremely low fixed rates. When these came due, our main objective was to ensure our clients transitioned to the best possible rate options, which in most cases saw clients converting their loans to a much higher variable rate. It was important to look after these clients as new lending was extremely hard to find due to the declining housing market. Our lending only grew by $800,000 for the year, but I was still pleased with this result as it was a very tough lending market.

With three major banks closing their Bacchus Marsh branch over the previous two years, our strongest area in the bank was the continued growth of new clients. This increased during the year by 13.5% and we now have over 4,300 clients banking with us. These new clients also contributed to a strong increase in deposit funds with our deposits increasing by $34.5 million. 1,507 deposit accounts were opened during the year, an average of 125 per month, up 8.3% on the previous year; telling transactions increased 14.1% and total business grew $36 million against a target of $26 million.

Our branch staff worked tirelessly throughout the year to provide the best level of service possible and this is the largest contributing factor to our continued success. I am so proud of the staff in the way they work together as a team and are only interested in providing the highest level of service possible. A big thank you to Veronica who has managed staff training and development and had a big hand in ensuring our branch remains compliant. To Michelle, Janine, Sarah, Melissa, Teresa and Jess, a big thank you for all the workloads that you have all carried throughout the year. All these ladies have provided the consistently high levels of service our clients have enjoyed. They all come to work with a positive attitude and provide a smile at every occasion.

In our lending suite, we have Barry, Simran and myself all assisting in the lending area. The amount of new lending was much lower than previous years, however the effort in ensuring our existing clients were provided with the best possible outcomes when dealing with the constant rate rises was a credit to their lending knowledge and expertise.

What our team are most proud of is seeing the profit generated from all their hard work reinvested into our Community to make 3340 a better place to live. Our net profit, grants, donations and sponsorship for the year totalled $1.1 million. Since opening Community Bank Bacchus Marsh in October 2014, we have invested over $1.5 million into our Community.

I would also like to take this opportunity to thank the Board for all their support. Claire and all the Board members are volunteers who contribute large amounts of their time, energy and expertise to ensuring our Community Bank has all the tools needed to continue to prosper and provide the level of service our clients deserve.

We are also well supported by Bendigo Bank who provide the licence, products, systems and ensure we are compliant. To Leanne Martin, who has been my Regional Manager for the past 12 months, a big thank you for all the support she provides to myself and the Board.

For us to continue to grow we need client support advocating our service and Bendigo Bank products. Always remember,

Support the Community Bank that supports your Community!

Ian Prince
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2023

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

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

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

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

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

The Community Bank network creates impact 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.

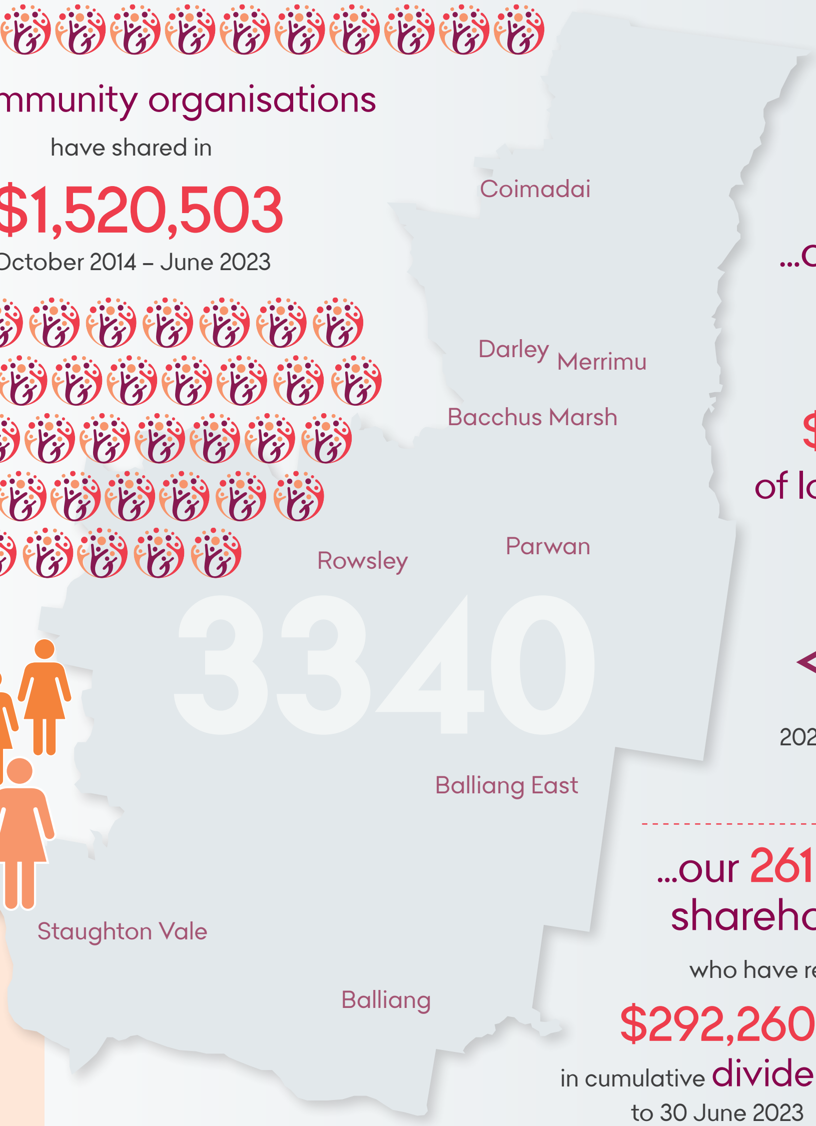
Warm regards

Sarah Franklyn
CBNC Chair

Investing in our community...

...our local community organisations

106 community organisations have shared in **$1,520,503**
October 2014 – June 2023



...our local youth

18 university scholarship/ bursary recipients

Thanks to...

...our 4,305 local customers

at 30 June 2023
with
$318.1 million
of loans and deposits

2022-23: $36.0 million, 12.8% growth

...our 261 local shareholders

who have received
$292,260
in cumulative dividends
to 30 June 2023

2022-23: 8 cents fully franked dividend

...our local and expanding team

98,945 hours local employment
since opening 30 October 2014 - 30 June 2023

Community Bank Bacchus Marsh staff
L-R standing: Melissa Fellows, Jess Watkins, Barry Turner, Teresa Jacobsen, Veronica Mayne, Prabhsimran Kaur and Janine Payne.
L-R seated: Michelle Molenkamp, Ian Prince and Sarah Rhoads.

Directors' report

For the financial year ended 30 June 2023

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

Directors

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

Claire Therese Sutherland

Title:	Non-executive director
Experience and expertise:	30 years experience in the hospitality industry. Former Director and Chair of Djerriwarrh Health Services, Ronald McDonald House Parkville Inc. and former Director of Ronald McDonald House Charities. Current Chair of Bacchus Marsh Community Unlimited Inc.
Special responsibilities:	Chair; Finance, Audit and Risk Review Committee; Employee Relations Committee; Community Investment Committee (Ex-officio)

Ian Colin Barnett

Title:	Non-executive director
Experience and expertise:	Bacchus Marsh Community Enterprise Ltd Director and Treasurer, CFA Volunteer 43 years, Bacchus Marsh Fire Brigade Treasurer & Past Treasurer, Pentland Fire Brigades Group, Bacchus Marsh Community Unlimited Inc. Treasurer, Regional Tyre Service and Regional Ringtread Director 40 years, Committee Member for the Victorian Tyre Dealers Association – a division of the Victorian, Automobile Chamber of Commerce, Bacchus Marsh and District Holden Car Club Inc. Member.
Special responsibilities:	Treasurer; Finance, Audit and Risk Review Committee

Heather Jean Steegstra

Title:	Non-executive director
Experience and expertise:	Reception & Clerical Local Government – 8 years, Integration Aide with Education Department – 8 years, Bookkeeping for privately run businesses, Certificate of Financial Management in Schools. Business Manager, Department of Education – 16 years, Bacchus Marsh Golf Club Ladies Committee Secretary – 10 years.
Special responsibilities:	Community Investment Committee

Travis Ashley Bawden

Title:	Non-executive director
Experience and expertise:	Over 20 years in the Information Technology industry within Management, Project Management and Consultancy. Master of Management, Member of CFA for 20 years including Volunteer & former office bearer.
Special responsibilities:	Deputy Chair; Community Investment Committee

Directors (continued)

Karen Patricia Hapgood

Title:	Non-executive director
Experience and expertise:	Karen Hapgood is a Professor of Engineering and Deputy Vice Chancellor for Research at Swinburne University of Technology. She holds a Bachelor and PhD in Chemical Engineering, Graduate Certificate in Higher Education, and is a Graduate of the Australian Institute of Company Directors. She is also a director at Swinburne Ventures Limited.
Special responsibilities:	Employee Relations Committee

Simon Maynard Hooper

Title:	Non-executive director
Experience and expertise:	In 2018-2019 Simon was Head of Product - Precision Autonomy and is currently Head of Underwriting - Precision Autonomy. Since 2015 he has been a Director of Australian Association for Unmanned Systems. Simon holds a Bachelor of Aviation, Cert IV in General Insurance and Cert IV in Accounting and Bookkeeping.
Special responsibilities:	Finance, Audit and Risk Review Committee

Paula Elizabeth McMillan

Title:	Non-executive director
Experience and expertise:	Various roles including Management and Project Management in Australia Post for 26 years. Ward Clerk, Bacchus Marsh Hospital, Board Member Bacchus Marsh Community College and Member of the Bacchus Marsh Urban Fire Brigade.
Special responsibilities:	Community Investment Committee; Employee Relations Committee

Keith Walter Currie

Title:	Non-executive director
Experience and expertise:	Keith is a Mathematics and Science teacher. He has been Vice Principal of The Scots College (Sydney), Foundation Principal of Trinity Anglican College-Albury, Assistant Principal at Bacchus Marsh Grammar. Keith holds B.Sc (ANU), Dip. Ed. (CCAE), B.Bus. (Accounting) (CSU) and M. Ed. (U Syd). A member of Rotary Club of Bacchus Marsh. Chairman - Moorabool Light Orchestra, Board Member - Western Emergency Relief Network, Board Member - Bacchus Marsh Public Hall Committee of Management, Past President - Rotary Bacchus Marsh.
Special responsibilities:	Secretary; Employee Relations Committee; Community Investment Committee

John Payne

Title:	Non-executive director
Experience and expertise:	Certified Practicing Accountant 1986 – 2021, Community Care Worker (New Aged Care 2023, Intereach 2023). Director DPH Property Investments Pty Ltd.
Special responsibilities:	Finance, Audit and Risk Review Committee; Employee Relations Committee

Peter George Tonks

Title:	Non-executive director (resigned 17 July 2023)
Experience and expertise:	Peter has experience in accounting, management and contracting. He is a member of the Tourism Association, Abbeyfield Community House and Probus.
Special responsibilities:	Community Investment Committee

Company secretary

The Company secretary is Keith Walter Currie. Keith was appointed to the position of company secretary on 16 November 2021.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to $121,228 (30 June 2022: $38,039).

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

Dividends

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

	2023 $
Fully franked dividend of 8 cents per share (2022: 7 cents)	74,225

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		Community Investment Committee		Finance, Audit and Risk Review Committee		Employee Relations Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Claire Therese Sutherland**	10	10	3	1	3	3	2	2
Ian Colin Barnett	10	10	-	-	3	3	-	-
Heather Jean Steegstra	10	9	3	3	-	-	-	-
Travis Ashley Bawden	10	8	3	3	-	-	-	-
Karen Patricia Hapgood*	6	2	-	-	-	-	2	1
Simon Maynard Hooper	10	10	-	-	3	1	-	-
Paula Elizabeth McMillan	10	8	3	3	-	-	2	2
Keith Walter Currie	10	7	3	3	-	-	2	2
John Payne	10	9	-	-	3	3	2	2
Peter George Tonks	7	6	3	3	-	-	-	-

* Leave of absence from July to December 2022

** Ex-officio member of Community Investment Committee

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.

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
Claire Therese Sutherland	25,001	-	25,001
Ian Colin Barnett	25,001	-	25,001
Heather Jean Steegstra	4,001	-	4,001
Travis Ashley Bawden	1	-	1
Karen Patricia Hapgood	2,000	-	2,000
Simon Maynard Hooper	2,000	-	2,000
Paula Elizabeth McMillan	1,001	-	1,001
Keith Walter Currie	-	-	-
John Payne	10,001	-	10,001
Peter George Tonks	2,000	-	2,000

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 26 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

Travis Bawden
Deputy Chair

22 August 2023

Auditor's independence declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Bacchus Marsh Community Enterprise Limited

As lead auditor for the audit of Bacchus Marsh Community Enterprise Limited 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: 22 August 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

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

	Note	2023 $	2022 $
Revenue from contracts with customers	7	2,276,161	1,492,708
Other revenue		-	22,681
Finance revenue		10,868	2,229
Total revenue		**2,287,029**	**1,517,618**
Employee benefits expense	8	(815,891)	(707,416)
Advertising and marketing costs		(8,770)	(2,118)
Occupancy and associated costs		(28,908)	(28,674)
System costs		(33,722)	(37,005)
Depreciation and amortisation expense	8	(111,914)	(108,672)
Finance costs	8	(32,416)	(34,496)
General administration expenses		(102,859)	(90,172)
Total expenses before community contributions and income tax		**(1,134,480)**	**(1,008,553)**
Profit before community contributions and income tax expense		**1,152,549**	**509,065**
Charitable donations, sponsorships and grants expense	8	(989,258)	(457,314)
Profit before income tax expense		**163,291**	**51,751**
Income tax expense	9	(42,063)	(13,712)
Profit after income tax expense for the year	20	**121,228**	**38,039**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**121,228**	**38,039**
		Cents	Cents
Basic earnings per share	28	13.07	4.10
Diluted earnings per share	28	13.07	4.10

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

Statement of financial position for the year ended 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	789,935	811,355
Trade and other receivables	11	211,021	155,590
Total current assets		**1,000,956**	**966,945**
Non-current assets			
Property, plant and equipment	12	155,654	156,055
Right-of-use assets	13	675,674	742,297
Intangible assets	14	17,424	30,492
Deferred tax assets	9	53,257	47,968
Total non-current assets		**902,009**	**976,812**
Total assets		**1,902,965**	**1,943,757**
Liabilities			
Current liabilities			
Trade and other payables	15	15,827	55,844
Borrowings	16	14,602	14,050
Lease liabilities	17	55,833	51,603
Current tax liabilities	9	29,994	4,956
Employee benefits	18	84,294	78,451
Total current liabilities		**200,550**	**204,904**
Non-current liabilities			
Trade and other payables	15	-	15,504
Borrowings	16	4,871	19,573
Lease liabilities	17	791,931	852,444
Employee benefits	18	14,639	7,762
Lease make good provision		11,558	11,157
Total non-current liabilities		**822,999**	**906,440**
Total liabilities		**1,023,549**	**1,111,344**
Net assets		**879,416**	**832,413**
Equity			
Issued capital	19	898,544	898,544
Accumulated losses	20	(19,128)	(66,131)
Total equity		**879,416**	**832,413**

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

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		898,544	(39,224)	859,320
Profit after income tax expense		-	38,039	38,039
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**38,039**	**38,039**
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(64,946)	(64,946)
Balance at 30 June 2022		**898,544**	**(66,131)**	**832,413**
Balance at 1 July 2022		898,544	(66,131)	832,413
Profit after income tax expense		-	121,228	121,228
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**121,228**	**121,228**
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(74,225)	(74,225)
Balance at 30 June 2023		**898,544**	**(19,128)**	**879,416**

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

Statement of cash flows
for the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,446,475	1,653,702
Payments to suppliers and employees (inclusive of GST)		(2,233,859)	(1,450,554)
Interest received		10,868	2,229
Interest and other finance costs paid		(860)	(1,188)
Income taxes paid		(22,314)	(15,565)
Net cash provided by operating activities	**27**	**200,310**	**188,624**
Cash flows from investing activities			
Payments for property, plant and equipment		(36,204)	(26,579)
Payments for intangible assets		(14,095)	(14,095)
Net cash used in investing activities		**(50,299)**	**(40,674)**
Cash flows from financing activities			
Repayment of borrowings		(14,150)	(13,822)
Dividends paid	22	(74,225)	(64,946)
Repayment of lease liabilities	17	(83,056)	(80,368)
Net cash used in financing activities		**(171,431)**	**(159,136)**
Net decrease in cash and cash equivalents		(21,420)	(11,186)
Cash and cash equivalents at the beginning of the financial year		811,355	822,541
Cash and cash equivalents at the end of the financial year	**10**	**789,935**	**811,355**

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

Notes to the financial statements

For the year ended 30 June 2023

Note 1. Reporting entity

The financial statements cover Bacchus Marsh Community Enterprise Limited (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 2/137A Main Street, Bacchus Marsh VIC 3340.

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 22 August 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Note 3. Significant accounting policies (continued)

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

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. 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 October 2024.

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

Note 6. Economic dependency (continued)

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.

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	2,100,016	1,318,810
Fee income	85,631	80,519
Commission income	90,514	93,379
	2,276,161	**1,492,708**

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.

Note 7. Revenue from contracts with customers (continued)

Revenue calculation

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

Margin income

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

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

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. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	683,230	596,928
Non-cash benefits	10,683	10,539
Superannuation contributions	75,336	63,283
Expenses related to long service leave	13,453	9,132
Other expenses	33,189	27,534
	815,891	**707,416**

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	15,351	12,014
Plant and equipment	5,358	5,970
Furniture and fittings	3,187	2,618
Motor vehicles	12,709	12,710
	36,605	**33,312**
Depreciation of right-of-use assets		
Leased land and buildings	**62,241**	**62,292**
Amortisation of intangible assets		
Franchise fee	2,178	2,178
Franchise renewal process fee	10,890	10,890
	13,068	**13,068**
	111,914	**108,672**

Finance costs

	2023 $	2022 $
Bank loan interest paid or accrued	860	1,188
Lease interest expense	31,155	32,921
Unwinding of make-good provision	401	387
	32,416	**34,496**

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	**14,489**	**18,535**

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

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	389,258	207,314
Contribution to the Community Enterprise Foundation™	600,000	250,000
	989,258	**457,314**

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

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

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	47,352	22,693
Movement in deferred tax	(5,289)	(8,981)
Aggregate income tax expense	**42,063**	**13,712**
Prima facie income tax reconciliation		
Profit before income tax expense	163,291	51,751
Tax at the statutory tax rate of 25%	40,823	12,938
Tax effect of:		
Non-deductible expenses	1,240	774
Income tax expense	**42,063**	**13,712**

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(17,368)	(16,792)
Employee benefits	24,733	21,553
Provision for lease make good	2,890	2,789
Accrued expenses	700	700
Income accruals	-	(720)
Lease liabilities	211,941	226,012
Right-of-use assets	(168,919)	(185,574)
Accrued income	(720)	-
Deferred tax asset	**53,257**	**47,968**

	2023 $	2022 $
Current tax liabilities	**29,994**	**4,956**

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

Note 9. 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 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	159,898	72,186
Term deposits	630,037	739,169
	789,935	**811,355**

Accounting policy for cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	**193,919**	**136,809**
Accrued income	2,880	2,880
Prepayments	14,222	15,901
	17,102	**18,781**
	211,021	**155,590**

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.

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	215,822	191,983
Less: Accumulated depreciation	(104,622)	(89,272)
	111,200	**102,711**
Plant and equipment - at cost	61,551	59,361
Less: Accumulated depreciation	(49,441)	(44,083)
	12,110	**15,278**
Furniture and fittings - at cost	26,430	16,256
Less: Accumulated depreciation	(11,429)	(8,242)
	15,001	**8,014**
Motor vehicles - at cost	50,841	50,841
Less: Accumulated depreciation	(33,498)	(20,789)
	17,343	**30,052**
	155,654	**156,055**

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Motor vehicle $	Total $
Balance at 1 July 2021	91,796	21,248	6,982	42,762	162,788
Additions	22,929	-	3,650	-	26,579
Depreciation	(12,014)	(5,970)	(2,618)	(12,710)	(33,312)
Balance at 30 June 2022	**102,711**	**15,278**	**8,014**	**30,052**	**156,055**
Additions	23,840	2,190	10,174	-	36,204
Depreciation	(15,351)	(5,358)	(3,187)	(12,709)	(36,605)
Balance at 30 June 2023	**111,200**	**12,110**	**15,001**	**17,343**	**155,654**

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	1 to 17 years
Plant and equipment	1 to 20 years
Furniture and fittings	1 to 10 years
Motor vehicles	4 years

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

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

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

Changes in estimates

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

Note 13. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	1,129,099	1,133,480
Less: Accumulated depreciation	(453,425)	(391,183)
	675,674	**742,297**

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

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

	Land and buildings $
Balance at 1 July 2021	782,705
Depreciation expense	(40,408)
Balance at 30 June 2022	**742,297**
Remeasurement adjustments	(4,382)
Depreciation expense	(62,241)
Balance at 30 June 2023	**675,674**

Accounting policy for right-of-use assets

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

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

Refer to note 17 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	20,890	20,890
Less: Accumulated amortisation	(17,986)	(15,808)
	2,904	**5,082**
Franchise renewal fee	54,450	54,450
Less: Accumulated amortisation	(39,930)	(29,040)
	14,520	**25,410**
	17,424	**30,492**

Reconciliations of the written down 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	7,260	36,300	43,560
Amortisation expense	(2,178)	(10,890)	(13,068)
Balance at 30 June 2022	**5,082**	**25,410**	**30,492**
Amortisation expense	(2,178)	(10,890)	(13,068)
Balance at 30 June 2023	**2,904**	**14,520**	**17,424**

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.

Note 14. Intangible assets (continued)

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)	October 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	October 2024

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

Change in estimates

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

Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	4,206	15,446
Other payables and accruals	11,621	40,398
	15,827	**55,844**
Non-current liabilities		
Other payables and accruals	**-**	**15,504**

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		
Chattel mortgages	**14,602**	**14,050**
Non-current liabilities		
Chattel mortgages	**4,871**	**19,573**

Chattel mortgages

Chattel mortgages are repayable monthly with the final instalment due on October 2024. Interest is recognised at fixed rate of 3.15%. Upon the last payment the registered security over the motor vehicle is removed.

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.

Note 17. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	84,946	82,778
Unexpired interest	(29,113)	(31,175)
	55,833	**51,603**
Non-current liabilities		
Land and buildings lease liabilities	945,571	1,037,708
Unexpired interest	(153,640)	(185,264)
	791,931	**852,444**

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	904,047	951,494
Remeasurement adjustments	(4,382)	-
Lease interest expense	31,155	32,921
Lease payments - total cash outflow	(83,056)	(80,368)
	847,764	**904,047**

Maturity analysis

	2023 $	2022 $
Not later than 12 months	84,946	82,778
Between 12 months and 5 years	357,593	348,585
Greater than 5 years	587,978	689,123
	1,030,517	**1,120,486**

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 not to separate lease and non-lease components when calculating the lease liability.

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

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

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

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.

Note 17. Lease liabilities (continued)

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
Shop 1 - Main Street	3.54%	5 years	2 x 5 years	Yes	22 June 2034
Shop 2 - Main Street	3.54%	6 years & 11 months	2 x 5 years	Yes	22 June 2034

Note 18. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	42,674	43,407
Long service leave	41,620	35,044
	84,294	**78,451**
Non-current liabilities		
Long service leave	**14,639**	**7,762**

Accounting policy for employee benefits

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

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 19. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	927,810	927,810	927,810	927,810
Less: Equity raising costs	-	-	(29,266)	(29,266)
	927,810	**927,810**	**898,544**	**898,544**

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). As at the date of this report, the company had 261 shareholders (2022: 263 shareholders). The base number is 198.

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

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

Note 19. Issued capital (continued)

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

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

Note 20. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(66,131)	(39,224)
Profit after income tax expense for the year	121,228	38,039
Dividends paid (note 22)	(74,225)	(64,946)
Accumulated losses at the end of the financial year	**(19,128)**	**(66,131)**

Note 21. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitors 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 before tax or funds of the company otherwise available for distribution (calculated as profit before tax plus accumulated profits/(losses) plus charitable donations, sponsorships and grants) 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, sponsorships and grants. Charitable donations, sponsorships and grants 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 22. Dividends

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

	2023 $	2022 $
Fully franked dividend of 8 cents per share (2022: 7 cents)	**74,225**	**64,946**

Note 22. Dividends (continued)

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	47,714	53,799
Franking credits arising from income taxes paid	22,314	15,564
Franking debits from the payment of franked distributions	(24,742)	(21,649)
	45,286	**47,714**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	45,286	47,714
Franking credits that will arise from payment of income tax	29,994	4,956
Franking credits available for future reporting periods	**75,280**	**52,670**

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 23. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	196,799	139,689
Cash and cash equivalents	789,935	811,355
	986,734	**951,044**
Financial liabilities		
Trade and other payables	15,827	71,348
Lease liabilities	847,764	904,047
Bank loans	19,473	33,623
	883,064	**1,009,018**

Accounting policy for financial instruments

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

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

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

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.

Note 23. Financial instruments (continued)

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 $789,935 at 30 June 2023 (2022: $811,355).

Price risk

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

Credit risk

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

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

Liquidity risk

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

Exposure to liquidity risk

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Chattel mortgages	14,602	4,871	-	19,473
Trade and other payables	15,827	-	-	15,827
Lease liabilities	84,946	357,593	587,978	1,030,517
Total non-derivatives	**115,375**	**362,464**	**587,978**	**1,065,817**

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Chattel mortgages	14,050	19,573	-	33,623
Trade and other payables	55,844	15,504	-	71,348
Lease liabilities	82,778	348,585	689,123	1,120,486
Total non-derivatives	**152,672**	**383,662**	**689,123**	**1,225,457**

Note 24. Key management personnel disclosures

The following persons were directors of Bacchus Marsh Community Enterprise Limited during the financial year and/or up to the date of signing of these Financial Statements.

Claire Therese Sutherland
Ian Colin Barnett
Heather Jean Steegstra
Travis Ashley Bawden
Karen Patricia Hapgood
Simon Maynard Hooper
Paula Elizabeth McMillan
Keith Walter Currie
John Payne
Peter George Tonks (resigned 17 July 2023)

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

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

Note 25. Related party transactions

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

Note 26. 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	1,433	1,325
General advisory services	2,535	3,820
Share registry services	3,779	3,535
	7,747	**8,680**
	13,147	**13,880**

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	121,228	38,039
Adjustments for:		
Depreciation and amortisation	111,914	108,672
Lease liabilities interest	31,155	32,921
Change in operating assets and liabilities:		
Increase in trade and other receivables	(55,431)	(13,224)
Decrease in income tax refund due	-	2,173
Increase in deferred tax assets	(5,289)	(8,982)
Increase/(decrease) in trade and other payables	(41,426)	7,017
Increase in provision for income tax	25,038	4,956
Increase in employee benefits	12,720	16,664
Increase in other provisions	401	388
Net cash provided by operating activities	**200,310**	**188,624**

Note 28. Earnings per share

	2023 $	2022 $
Profit after income tax	**121,228**	**38,039**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	927,810	927,810
Weighted average number of ordinary shares used in calculating diluted earnings per share	927,810	927,810

	Cents	Cents
Basic earnings per share	13.07	4.10
Diluted earnings per share	13.07	4.10

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Bacchus Marsh Community Enterprise Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

Directors’ declaration

For the financial year ended 30 June 2023

In the directors’ opinion:

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

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

On behalf of the directors

Travis Bawden
Deputy Chair

22 August 2023

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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(03) 5443 0344

Independent auditor’s report to the Directors of Bacchus Marsh Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bacchus Marsh Community Enterprise Limited (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 Bacchus Marsh Community Enterprise Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company’s financial position as at 30 June 2023 and of its financial performance 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.

Liability limited by a scheme approved under Professional Standards Legislation.

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 22 August 2023

Joshua Griffin
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

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Bendigo Bank

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