Annual Report 2023


Belfast Community Enterprises Limited

Community Bank
Port Fairy & District

ABN 65 161 382 832

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Chairman's report

For year ending 30 June 2023

On 24 June 2024 we will celebrate our tenth birthday. If it wasn't for the efforts of Peter Langley and his inaugural Steering Committee there would be no bank in Port Fairy. Peter began his crusade in 2008 and this year, sadly, he has resigned from our Board. He was our first Chairman and has stayed on to ensure that his vision has been fulfilled – what a legacy he has left the Community. During this time Community Bank Port Fairy & District has contributed nearly $1 million to over 100 organisations.

We have also locked away a significant amount in Bendigo Bank's Community Enterprise Foundation™. This means that in the not too distant future we will be in a position to transform organisations – not simply make an impact. Imagine the Community Bank providing seed funding which could be used to get a commitment from all levels of Government as well as other philanthropic organisations – this is a wonderful opportunity.

Community Bank Port Fairy & District is poised to make a community contribution that will see us pass the $1 million mark in just ten years – HOW AWESOME IS THAT!

We are a part of a magnificent organisation – the Community Bank Family! There are over three hundred Community Bank branches across Australia and, in twenty five years, we injected more than $320 million back into local communities.

What is the future of banking? How do we prepare for it? The one thing for certain is that it is going to change a lot and we must be ready for it. Over the next five years, as technology continues to advance, the digital world will provide us with many challenges and you will be required more and more to go online for services. As a Community Bank our 'point of difference' is customer service – where you can still do your banking face to face, but we must embrace the future and be ready for it.

As a Board we need to have a clear direction and continue to redefine our purpose. It is important to understand, more than ever, our objectives and the opportunities to grow our business. We need to understand the challenges that lie ahead, as well as being very much aware of what our community sees as important. There is indeed a lot to do to ensure a prosperous future for Belfast Community Enterprises Limited!

Over the past twelve months our customer base has grown by nearly ten percent. People do indeed understand the Community Bank model and want to make a difference by choosing Community Bank Port Fairy & District. But it is important that we continue to grow because that is the only way we can survive. As shareholders I ask that you keep up advocating, telling our story and encouraging others to become partners in our future.

Our staff are the key to our success. Katyana Ellix-Wiesner served our community for four years and Tom Flaherty for three years. Both have moved on to new positions within Bendigo Bank and I thank them and wish them well. With Jade Hancey on parental leave, our Branch Manager Hollie Ciurleo has put together a new team to take us forward. She is an awesome leader and, under her guidance, Daniel Pritchett, Ashlee Heyblom and Danny Castrado will continue to provide you with great service. Thanks to each of you for the role you each play in our ever evolving story.

To the Board, members of our three committees and our Company Secretary – my sincere thanks!

Damian Gleeson,
Chairman

Manager’s report

For year ending 30 June 2023

As Branch Manager of Community Bank Port Fairy & District, I am very pleased to submit my Branch Manager’s report to the Board and shareholders for the 2022/23 financial year.

I am very privileged to lead the enthusiastic staff members of Community Bank Port Fairy & District. With increased business opportunities, our dedicated staff members have adapted smoothly to the ever-changing workloads which were necessary due to the many updates to operational banking systems and changes in staffing. Their teamwork, dedication and support ensured that our high standards of service were maintained at all times.

During the year there were some staff changes. For job opportunities, Kat Wiesner-Ellix and Tom Flaherty moved on with Kat moving into a position within the risk team at Bendigo Bank and Tom moving to Bendigo Bank Brighton. We wish both of them well as they pursue their new positions and thank them for their endeavours whilst they were with Community Bank Port Fairy & District. Georgia Rentsch our Trainee finished her traineeship within this time. We were very sad to see such an amazing young lady leave but we know she will do great things with what ever it is she pursues next.

Jade Hancey welcomed here first child with her partner Sid, which means Jade is on 12 months paternal leave. With this position being vacant we have been able to welcome a new staff member to our branch. Daniel Pritchett is with us on a 12-month secondment covering Jade’s maternity leave as our Customer Relationship Manager. We have also had the pleasure of welcoming our new Customer Service Officer Ashlee Heyblom and Customer Relationship Officer Danny Gastardo. We cannot wait to see what they all bring to the team.

The commitment, hard work and dedication of our staff is supported by our customers, community groups and organisations. This has ensured that our Community Bank was able to support many (and varied!) community projects, events, and educational grants. The Community Bank model says that every time people bank with their local Community Bank branch, the bottom line increases, which in turn increases the amount of community contributions and dividends available to be disbursed to the community. This remains true with Community Bank Port Fairy & District that has contributed nearly $1 million to the local community as at 30 June 2023.

I would like to thank our Bendigo and Adelaide Bank representatives, especially our Regional Manager Jason Chuck for his ongoing support this year. We truly have a close working relationship with the Bendigo Bank head office, state office and regional support staff.

On behalf of myself and my banking team I express our appreciation to Chairman Damian Gleeson and all our Board members and Secretary: Nicole Dwyer, Thomas Newton, Maggie Leutton, Melissa McDonald, Maree Lane, Peter Langley and Ashley King. Their policy management, vision for the future and voluntary commitment ensures that our Community Bank will continue to prosper and serve the communities throughout Port Fairy and District.

In closing, I would like to express my continuing enthusiasm for the year ahead as the banking team and I work together with the Board of Directors to develop further business growth and a positive future for us all.

My team and I hope to see you soon.

Yours sincerely,

Hollie Ciurleo
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

Community partnering contributions

COMMUNITY
$757,072
since opening
in 2014
CONTRIBUTIONS

For year ending 30 June 2023 we proudly contributed $436,184 in grants, sponsorships and donations to our community including a deposit of $350,000 in the Community Enterprise Foundation Charitable Fund. This increases the Fund balance to $480,435.34 for investment in local infrastructure projects and grants to benefit our community. All made possible by our customers.

The Board is excited to be approaching distributing a milestone of $1 million to benefit our community.

Since opening for business nine years ago the customers of the Community Bank Port Fairy & District Branch have supported the following organisations:

- Port Fairy Folk Festival
- Port Fairy Winter Weekends Dachshund Dash & "Reflected" event
- Port Fairy Sea Scouts
- Port Fairy Consolidated School Council
- Port Fairy Probus Club
- Child Care Action Group
- Community Garden Group
- St Brigid's Hall Crossley
- Yambuk Progress Group
- Port Fairy Hospital Auxiliary
- Port Fairy Show Society
- Port Fairy Football Netball Club
- St Patricks Primary School Port Fairy
- Port Fairy Cricket Club
- Moyneyana Festival Inc.
- Port Fairy Bowls Club
- Port Fairy Business Assoc.
- Koroit Business & Tourism Association
- Port Fairy Community Race Day
- Koroit Community Race Day
- Port Fairy Belfast Lions Art Show
- Koroit F.N.Club - Tower Hill Challenge
- Sackville Street Streetscape
- Commonwealth C'ship Sheep Dog Trials
- Port Fairy Surf Life Saving Club
- Macarthur Men's Shed
- Yambuk Hall Committee
- Fun4Kids Festival
- Port Fairy Marine Rescue Service
- Gourmet Port Fairy
- Macarthur Pony Club
- ExLibris - Stories on Sackville St
- Ex Libris Writing Competition
- Port Fairy Community House
- Port Fairy Petanque Group
- Kirkstall Recreation Reserve
- Port Fairy Angling Club
- South West Working Equitation Club
- Warrong All Abilities Equestrian
- Port Fairy Playgroup
- Port Fairy Consolidated Parents & Friends
- Port Fairy Tennis Club Inc.
- Friends of Moyneyana House
- St John's Strawberry Fete
- Port Fairy Consolidated School Bazaar
- St Pats Primary School Graduation Awards
- Port Fairy Consolidated School Awards
- Macarthur Music in the Vines
- Port Fairy Jazz Festival
- Brophy Family & Youth Services
- Moyne Health Services
- Port Fairy Belfast Lions Club
- Koroit & District Primary School
- Sungold Field Days
- Rotary Club of Port Fairy
- Koroit Bowls Club
- Port Fairy Golf Club
- Friends of Griffiths Island
- Port Fairy Citizens Band
- St John's Anglican Church
- Port Fairy SES Unit
- Port Fairy Film Society
- Port Fairy Men's Shed
- Port Fairy Pool Management Group
- Port Fairy Heritage Boats
- Macarthur Swimming Pool
- Port Fairy Tourism
- Koroit Irish Festival
- Port Fairy Theatre Group
- Warrnambool Toy Run
- All Abilities Advocacy
- South West Energy Group
- Port Fairy Historical Society
- Warrnambool Special Development School
- Koroit Lions Club
- Port Campbell Surf Life Saving Club
- Port Fairy Adventure Film Festival
- Koroit Football Netball Club
- Nature's Way Eco Sanctuary Group
- Port Fairy Biggest Morning Tea
- Women on Farms Gatherings
- CWA Victoria – Port Fairy
- Hawkesdale Macarthur F N Club
- Moyne Shire – Love Local
- SES Port Fairy
- St Patricks Primary School Koroit
- U3A Port Fairy
- Leadership Great South Coast (LGSC)
- South West Makers Assoc.
- Port Fairy Running Festival
- Port Fairy – Warrnambool Rail Trail
- Commerce Moyne Inc

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:

Damian John Gleeson

Title:	Non-executive director
Experience and expertise:	Damian was educated at St Patrick's College in Ballarat and then attended the Australia Catholic University where he gained a Bachelor of Education. Damian taught in Portland and Geelong for 10 years before entering the hospitality industry in 1995. With wife Sue, he has been self-employed since 1997 having owned and operated six hotels. Damian returned home to Port Fairy in 2004 as licensee as the Star of the West Hotel. He served as president of the Port Fairy Football Netball Club and the Port Fairy Cricket Club for a number of years. Damian strongly supported the Steering Committee to establish the Port Fairy & District Community Bank. He is an outstanding advocate for the benefits the model brings to the community and freely gives his time to assist in numerous community events and activities. Damian was elected as a councillor of the Moyne Shire in October 2020.
Special responsibilities:	Board Chair, Member of the Human Resources Committee.

Nicole Louise Dwyer

Title:	Non-executive director
Experience and expertise:	Nicole is an original steering committee member and former Deputy Chairman. She is a licensed real estate agent and local business manager in Port Fairy. Nicole has TAFE qualifications in Marketing and has experience in Event Management. As an extremely active volunteer in many groups locally in particular the Port Fairy Surf Life Saving Club and Port Fairy Football Netball Club, Nicole has received several recognitions for her contribution to our community and personal performances including Life Saving Victoria 'Nipper Program Coordinator' Award for 2018 and Moyne Shire Citizen of the year in 2020.
Special responsibilities:	Member of the Community and Marketing Committee

Margaret Donne Leutton

Title:	Non-executive director
Experience and expertise:	Maggie has extensive experience in many roles undertaken under the auspices of her business, Direction Projects since 1989 which include coordination Woody's Murray to Moyne annual Cycle Relay for five years, Administrator for Port Fairy Tourism Inc. and Port Fairy Business Association. Having an Advanced Diploma in Business Management, contracting in rural, regional and urban areas around the Eastern Seaboard for Corporate and government clients as well as many of the rural industry bodies. Currently employed in the health industry in the areas of aged care, planned activities and further education. Maggie is also currently volunteering for several music festivals, Red Cross Emergency Services and Servas International which is committed to peace through intercultural communication. Maggie is a current director of DemoDAIRY Foundation Limited.
Special responsibilities:	Member of Community and Marketing Committee.

Thomas Newton

Title:	Non-executive director
Experience and expertise:	Tom has attained a Bachelor of Management - Farm Business from the University of Sydney. He has extensive experience working and consulting in agriculture and has been working with Brisbane based Maxum foods for 13 years, the last six of which he has been the Business Manager of MaxCare. He served on the Westvic Dairy Board for 3 years and is a member of the Australia Institute of Company Directors. In 2012 he completed the Leadership Great South Coast Program. Tom was originally from the Stanthorpe area in rural Queensland before moving to Port Fairy 10 years ago. He is married with 2 children.
Special responsibilities:	Chair of the Human Resources Committee and Member of the Finance and Risk Committee.

Adele Lee Brown

Title:	Non-executive director (appointed 7 July 2023)
Experience and expertise:	Adele, up until recently was the Managing Director of a local law firm for 9 years. During this time completing the Law Institute of Victoria (LIV) Trust Accounting examination, attaining her certificate. In 2021 she completed the Advance Diploma in Conveyancing at Melbourne Polytechnic. Adele has a long-standing career within the Education Department as a Business Manager, gaining extensive experience in the areas of Finance Management, Annual reporting, HR Management, Facilities Management, Leadership, Policy review, IT support and Kinder Management. During her career she has completed Cert IV in IT at Victoria University, the Bastow Institute Leadership for Business Managers program in 2012 in conjunction with Cambridge University (UK) and was selected in 2015 intake to Deakin University's Graduate Certificate Education Business Leadership, receiving a High Distinction in the Global Finance unit. In 2016 she was appointed by the Secretary of Education Department to the newly formed Integrity Leadership Group (SWV) for the recognised seconded work in schools, as a part of a team investigating misconduct, misappropriation, fraud, and theft within schools. December 2022, she was accepted into Brophy's Reading to Dogs program and now holds the qualification with her Kelpie Stef in Animal Assisted Intervention for Human – Canine Teams (AAI). She has been an active member of Emmanuel College Finance Committee since early 2021 and recently (November 2022) appointed to the newly formed Commerce Moyne Executive team. When not working, you will find Adele pottering around home on her 2.5 acres with her husband, 3 teenagers and animals in tow.
Special responsibilities:	Member Community & Marketing Committee and Education Advisory Committee

Peter John Langley

Title:	Non-executive director (resigned 7 July 2023)
Experience and expertise:	Peter is self employed and owns a motel and holiday rental business. He has had 35 years in the public service in Victoria, and has been past Treasurer of Port Fairy Golf Club for two years and is a founding member of Warrnambool Seahawks/Mermaids Basketball Inc. He has a private pilots license and has coached representative basketball at both junior and senior levels.
Special responsibilities:	Member of the Community and Marketing Committee.

Melissa Anne McDonald

Title:	Non-executive director (resigned 7 July 2023)
Experience and expertise:	Melissa was appointed a director in October 2020. As a director and head of finance of the family owned and run dairy farm as Bessiebelle in South West Victoria she has expertise in farming operations and an understanding of rural communities. She has attained an Advanced diploma of Agriculture, Diploma of Hospitality Management and Certificate IV in Training and Assessment. With expertise in farm management retail, hospitality, education and fundraising, Melissa has many years of valuable experience and knowledge to contribute to supporting our community and positive change when needed. Her current activities and involvement include Program Co-ordinator (Cert IV and Diploma) as RIST agricultural college, School Council President and Macarthur Primary School and Netball Co-ordinator at Hawesdale Macarthur FNC.
Special responsibilities:	Deputy Chair, Chair of the Community and Marketing Committee, Member of the Finance and Risk Committee.

Maree Louise Lane

Title:	Non-executive director (resigned 2 June 2023)
Experience and expertise:	Maree is a qualified journalist, Bachelor of Management (Marketing) and Certified Practising Marketer (Australian Marketing Institute) and Member of the Australian Institute of Company Directors. With 22 years' experience in corporate communications and marketing and her strong sense of community, and positive change when needed. Her career summary includes managing corporate marketing, communications and media relations functions for a broad stable of business. Maree is currently a Project and Engagement manager at business consultancy SED Advisory. She is the Chair of the Emmanuel College Advisory Council, a committee member of the Koroit Football Netball Club since 2015, and was the club's Netball Coordinator from 2015 to 2021.
Special responsibilities:	Member of Community and Marketing Committee and Media Affairs Committee

Company secretary

The company secretary is Ashley King. Ashley was appointed to the position of company secretary on 1 June 2018.

Experience and expertise:	Ashley has been involved in the finance industry for 40 years. He established and was General Manager of the Southern Financial Group from 1990 to 2013 which provided a range of financial services to customers predominantly from South Western and Western Victoria. In 2013 he assisted the Steering Committee of the Port Fairy & District Community Bank to commence operating and was the Branch Manager from opening in June 2014 until his retirement in March 2018. He also assisted the Board with its business operations during this period.

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 $103,794 (30 June 2022: $24,927).

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 5 cents per share (2022: 4.5 cents)	46,934

Significant changes in the state of affairs

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

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		Finance & Risk		Community & Marketing	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Damian John Gleeson	6	5	-	-	-	-
Nicole Louise Dwyer	6	3	-	-	8	6
Margaret Donne Leutton	6	6	-	-	8	2
Thomas Newton	6	4	9	9	-	-
Adele Lee Brown	-	-	-	-	-	-
Peter John Langley*	-	-	-	-	-	-
Melissa Anne McDonald	6	5	9	7	8	7
Maree Louise Lane	4	4	-	-	8	5

* Leave of absence from July to June

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
Damian John Gleeson	10,000	-	10,000
Nicole Louise Dwyer	2,501	-	2,501
Margaret Donne Leutton	5,001	-	5,001
Thomas Newton	1,000	-	1,000
Adele Lee Brown	-	-	-
Peter John Langley	20,001	-	20,001
Melissa Anne McDonald	3,000	-	3,000
Maree Louise Lane	-	-	-

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

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

Non-audit services (continued)

- 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

Damian John Gleeson
Chair

25 September 2023

Auditor's independence declaration

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

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

As lead auditor for the audit of Belfast Community Enterprises 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: 25 September 2023

Joshua Griffin
Lead Auditor

Financial statements

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

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,182,458	791,733
Other revenue		10,200	15,268
Finance revenue		11,734	3,777
Total revenue		**1,204,392**	**810,778**
Employee benefits expense	7	(422,176)	(403,796)
Advertising and marketing costs		(19,775)	(9,641)
Occupancy and associated costs		(11,938)	(15,033)
System costs		(26,730)	(30,986)
Depreciation and amortisation expense	7	(59,646)	(60,583)
Finance costs	7	(22,641)	(23,612)
General administration expenses		(64,228)	(68,762)
Total expenses before community contributions and income tax expense		**(627,134)**	**(612,413)**
Profit before community contributions and income tax expense		**577,258**	**198,365**
Charitable donations, sponsorships and grants expense	7	(436,184)	(162,166)
Profit before income tax expense		**141,074**	**36,199**
Income tax expense	8	(37,280)	(11,272)
Profit after income tax expense for the year	**18**	**103,794**	**24,927**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**103,794**	**24,927**
		Cents	Cents
Basic earnings per share	26	11.07	2.66
Diluted earnings per share	26	11.07	2.66

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

Statement of financial position as at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	916,998	855,603
Trade and other receivables	10	89,774	64,022
Total current assets		**1,006,772**	**919,625**
Non-current assets			
Property, plant and equipment	11	161,492	171,287
Right-of-use assets	12	320,075	349,395
Intangibles	13	42,555	62,331
Deferred tax assets	8	39,637	37,943
Total non-current assets		**563,759**	**620,956**
Total assets		**1,570,531**	**1,540,581**
Liabilities			
Current liabilities			
Trade and other payables	14	54,005	79,164
Lease liabilities	15	24,980	22,514
Current tax liabilities	8	26,239	3,599
Employee benefits	16	11,398	16,368
Total current liabilities		**116,622**	**121,645**
Non-current liabilities			
Lease liabilities	15	420,605	445,583
Employee benefits	16	4,583	2,184
Lease make good provision		14,835	14,143
Total non-current liabilities		**440,023**	**461,910**
Total liabilities		**556,645**	**583,555**
Net assets		**1,013,886**	**957,026**
Equity			
Issued capital	17	898,316	898,316
Retained earnings	18	115,570	58,710
Total equity		**1,013,886**	**957,026**

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		898,316	76,023	974,339
Profit after income tax expense		-	24,927	24,927
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**24,927**	**24,927**
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(42,240)	(42,240)
Balance at 30 June 2022		**898,316**	**58,710**	**957,026**
Balance at 1 July 2022		898,316	58,710	957,026
Profit after income tax expense		-	103,794	103,794
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**103,794**	**103,794**
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(46,934)	(46,934)
Balance at 30 June 2023		**898,316**	**115,570**	**1,013,886**

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

Statement of cash flows
for the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,279,442	867,242
Payments to suppliers and employees (inclusive of GST)		(1,109,231)	(723,120)
Interest received		12,852	2,659
Interest and other finance costs paid		(15)	-
Income taxes paid		(16,334)	(20,596)
Net cash provided by operating activities	**25**	**166,714**	**126,185**
Cash flows from investing activities			
Payments for property, plant and equipment		(755)	(20,447)
Payments for intangible assets		(13,184)	(13,184)
Net cash used in investing activities		**(13,939)**	**(33,631)**
Cash flows from financing activities			
Dividends paid	20	(46,934)	(42,240)
Repayment of lease liabilities	15	(44,446)	(39,671)
Net cash used in financing activities		**(91,380)**	**(81,911)**
Net increase in cash and cash equivalents		61,395	10,643
Cash and cash equivalents at the beginning of the financial year		855,603	844,960
Cash and cash equivalents at the end of the financial year	**9**	**916,998**	**855,603**

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 Belfast Community Enterprises 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 32a Bank Street, Port Fairy VIC 3284.

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

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

Non-derivative financial assets

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

Note 3. Significant accounting policies (continued)

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

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

Lease make good provision

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

Note 5. Economic dependency

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

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

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

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

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

Note 5. Economic dependency (continued)

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,049,412	624,129
Fee income	57,410	60,042
Commission income	75,636	107,562
	1,182,458	**791,733**

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

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

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

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

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

Revenue calculation

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

Margin income

Margin on core banking 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.

Note 6. Revenue from contracts with customers (continued)

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

Commission income

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	346,174	333,162
Superannuation contributions	39,048	33,410
Expenses related to long service leave	2,399	(824)
Other expenses	34,555	38,048
	422,176	**403,796**

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	7,245	7,613
Plant and equipment	3,305	3,275
	10,550	**10,888**
Depreciation of right-of-use assets		
Leased land and buildings	**29,320**	**29,320**

Note 7. Expenses (continued)

	2023 $	2022 $
Amortisation of intangible assets		
Franchise fee	2,197	2,197
Franchise renewal fee	10,986	10,986
Domiciled customer accounts	6,593	7,192
	19,776	**20,375**
	59,646	**60,583**

Finance costs

	2023 $	2022 $
Lease interest expense	21,934	22,952
Unwinding of make-good provision	692	660
Other	15	-
	22,641	**23,612**

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	**10,298**	**14,231**

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	86,184	162,166
Contribution to the Community Enterprise Foundation™	350,000	-
	436,184	**162,166**

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

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

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

Note 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	38,974	16,650
Movement in deferred tax	(1,694)	(5,378)
Aggregate income tax expense	**37,280**	**11,272**
Prima facie income tax reconciliation		
Profit before income tax expense	**141,074**	**36,199**
Tax at the statutory tax rate of 25%	35,269	9,050
Tax effect of:		
Non-deductible expenses	2,011	2,222
Income tax expense	**37,280**	**11,272**

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(162)	(95)
Employee benefits	3,995	4,638
Provision for lease make good	3,709	3,536
Accrued expenses	1,050	800
Income accruals	-	(280)
Lease liabilities	111,396	117,025
Right-of-use assets	(80,019)	(87,349)
Prepayments	(332)	(332)
Deferred tax asset	**39,637**	**37,943**

	2023 $	2022 $
Provision for income tax	**26,239**	**3,599**

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.

Note 8. Income tax (continued)

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

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

Note 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	51,998	30,603
Term deposits	865,000	825,000
	916,998	**855,603**

Accounting policy for cash and cash equivalents

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

Note 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	**87,694**	**61,576**
Other receivables and accruals	752	-
Accrued income	-	1,118
Prepayments	1,328	1,328
	2,080	**2,446**
	89,774	**64,022**

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 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	223,620	223,620
Less: Accumulated depreciation	(81,244)	(73,999)
	142,376	**149,621**
Plant and equipment - at cost	45,715	44,960
Less: Accumulated depreciation	(26,599)	(23,294)
	19,116	**21,666**
	161,492	**171,287**

Note 11. Property, plant and equipment

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2021	147,409	14,319	161,728
Additions	9,825	10,622	20,447
Depreciation	(7,613)	(3,275)	(10,888)
Balance at 30 June 2022	**149,621**	**21,666**	**171,287**
Additions	-	755	755
Depreciation	(7,245)	(3,305)	(10,550)
Balance at 30 June 2023	**142,376**	**19,116**	**161,492**

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	2.5 to 40 years
Plant and equipment	1 to 40 years

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

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

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

Changes in estimates

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

Note 12. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	586,398	586,398
Less: Accumulated depreciation	(266,323)	(237,003)
	320,075	**349,395**

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	378,715
Depreciation expense	(29,320)
Balance at 30 June 2022	**349,395**
Depreciation expense	(29,320)
Balance at 30 June 2023	**320,075**

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

Accounting policy for right-of-use assets

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

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

Refer to note 15 for more information on lease arrangements.

Note 13. Intangibles

	2023 $	2022 $
Domiciled customer accounts	57,540	57,540
Less: Accumulated amortisation	(28,170)	(21,577)
	29,370	**35,963**
Franchise fee	20,987	20,987
Less: Accumulated amortisation	(18,789)	(16,592)
	2,198	**4,395**
Franchise renewal fee	54,932	54,932
Less: Accumulated amortisation	(43,945)	(32,959)
	10,987	**21,973**
	42,555	**62,331**

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

	Domiciled customer accounts $	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	43,155	6,592	32,959	82,706
Amortisation expense	(7,192)	(2,197)	(10,986)	(20,375)
Balance at 30 June 2022	**35,963**	**4,395**	**21,973**	**62,331**
Amortisation expense	(6,593)	(2,197)	(10,986)	(19,776)
Balance at 30 June 2023	**29,370**	**2,198**	**10,987**	**42,555**

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. The company has also acquired a customer list from Bendigo Bank.

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

The franchise fees paid by the company and domiciled customer accounts acquired 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
Domiciled customer accounts	Straight-line	8 years	June 2028
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2024

Note 13. Intangibles (continued)

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

Change in estimates

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

Note 14. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	9,025	18,427
Other payables and accruals	44,980	60,737
	54,005	**79,164**

Accounting policy for trade and other payables

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

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

Note 15. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	45,782	44,448
Unexpired interest	(20,802)	(21,934)
	24,980	**22,514**
Non-current liabilities		
Land and buildings lease liabilities	535,308	581,089
Unexpired interest	(114,703)	(135,506)
	420,605	**445,583**

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	468,097	484,816
Lease interest expense	21,934	22,952
Lease payments - total cash outflow	(44,446)	(39,671)
	445,585	**468,097**

Note 15. Lease liabilities (continued)

Maturity analysis

	2023 $	2022 $
Not later than 12 months	45,782	44,448
Between 12 months and 5 years	197,278	191,532
Greater than 5 years	338,030	389,557
	581,090	**625,537**

Accounting policy for lease liabilities

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

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

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

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

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Port Fairy Branch	4.79%	5 years	2 x 5 years	Yes	May 2034

Note 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	**11,398**	**16,368**
Non-current liabilities		
Long service leave	**4,583**	**2,184**

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.

Note 16. Employee benefits (continued)

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	937,667	937,667	937,667	937,667
Less: Equity raising costs	-	-	(39,351)	(39,351)
	937,667	**937,667**	**898,316**	**898,316**

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.

Note 17. Issued capital (continued)

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 248. As at the date of this report, the company had 273 shareholders (2022: 272 shareholders).

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

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

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

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

Note 18. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	58,710	76,023
Profit after income tax expense for the year	103,794	24,927
Dividends paid (note 20)	(46,934)	(42,240)
Retained earnings at the end of the financial year	**115,570**	**58,710**

Note 19. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 20. Dividends

Dividends provided for and paid during the period

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

	2023 $	2022 $
Fully franked dividend of 5 cents per share (2022: 4.5 cents)	**46,934**	**42,240**

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	67,196	60,680
Franking credits (debits) arising from income taxes paid (refunded)	16,334	20,596
Franking debits from the payment of franked distributions	(15,644)	(14,080)
	67,886	**67,196**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	67,886	67,196
Franking credits (debits) that will arise from payment (refund) of income tax	26,238	3,599
Franking credits available for future reporting periods	**94,124**	**70,795**

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 21. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	88,446	62,694
Cash and cash equivalents	916,998	855,603
	1,005,444	**918,297**
Financial liabilities		
Trade and other payables	54,005	79,164
Lease liabilities	445,585	468,097
	499,590	**547,261**

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.

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 subject to movements in market interest rates. The company held cash and cash equivalents of $916,998 at 30 June 2023 (2022: $855,603).

Price risk

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

Credit risk

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

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

Note 21. Financial instruments (continued)

Liquidity risk

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

Exposure to liquidity risk

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

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2023				
Trade and other payables	54,005	-	-	54,005
Lease liabilities	45,782	197,278	338,030	581,090
Total non-derivatives	**99,787**	**197,278**	**338,030**	**635,095**

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2022				
Trade and other payables	79,164	-	-	79,164
Lease liabilities	44,448	191,532	389,557	625,537
Total non-derivatives	**123,612**	**191,532**	**389,557**	**704,701**

Note 22. Key management personnel disclosures

The following persons were directors of Belfast Community Enterprises Limited during the financial year:

Damian John Gleeson	Adele Lee Brown
Nicole Louise Dwyer	Peter John Langley
Margaret Donne Leutton	Melissa Anne McDonald
Thomas Newton	Maree Louise Lane

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

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

Note 23. Related party transactions

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

Note 24. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	**5,400**	**5,200**
Other services		
General advisory services	2,950	3,260
Share registry services	4,106	3,566
	7,056	**6,826**
	12,456	**12,026**

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

	2023 $	2022 $
Profit after income tax expense for the year	103,794	24,927
Adjustments for:		
Depreciation and amortisation	59,646	60,583
Lease liabilities interest	21,934	22,952
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(25,752)	4,129
Increase in deferred tax assets	(1,694)	(5,378)
Increase/(decrease) in trade and other payables	(11,975)	22,574
Increase/(decrease) in provision for income tax	22,640	(3,946)
Decrease in employee benefits	(2,571)	(316)
Increase in other provisions	692	660
Net cash provided by operating activities	**166,714**	**126,185**

Note 26. Earnings per share

	2023 $	2022 $
Profit after income tax	**103,794**	**24,927**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	937,667	937,667
Weighted average number of ordinary shares used in calculating diluted earnings per share	**937,667**	**937,667**

	Cents	Cents
Basic earnings per share	11.07	2.66
Diluted earnings per share	11.07	2.66

Note 26. Earnings per share (continued)

Accounting policy for earnings per share

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

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

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

Damian John Gleeson
Chair

25 September 2023

Independent audit report

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Belfast Community Enterprises 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 Belfast Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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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: 25 September 2023

Joshua Griffin
Lead Auditor

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